FBIS DAILY REPORT CONTENTS

Latin America

Vol VI No 005

7 January 1983

ARGENTINA

UN Ambassador Interviewed on Falklands Issue B 1
Commentator on Relations With Chile, Brazil B 2
[LA PRENSA 5 Jan]
Economy Minister: No Commitments Beyond March 1984 B 4
[LA NACION 2 Jan]
Trade Secretary on 1983 Surplus, New Markets B 4

BOLIVIA

Cabinet Reshuffle Reportedly Soon To Occur C 1
Observers Quoted on Crisis C 1
MIR Proposes Changes C 1
Reshuffle To Occur This Weekend C 2
Presidency Secretary Denies Reshuffle C 2
PCB Deputy Vows To Defend Democracy C 2
Some Officers Still Oppose Government Policies C 3
Finance Minister Denies Possible Devaluation C 3
National Board Established at Ministry Level C 3
Government Employees Call 48-Hour Strike C 4
48-Hour Strike Lifted C 4

BRAZIL

Government Publishes Letter of Intent to IMF D 1
Langoni's 20 Dec Address to Bankers in New York D 1
[LATIN AMERICA DAILY POST 6 Jan]

COLOMBIA

Betancur Willing To Join Regional Peace Efforts F 1
MAS Won't Kill Guerrillas Who Accept Amnesty F 1
Incora Distributes Land to Former Guerrillas F 1

PERU

Schwalb: Peru Will Uphold Nonaligned Position J 1
Havana on Belaunde's 'Faulty Policies' J 1
Further Reportage on Shining Path Actions J 1
One Terrorist Captured, Another Escapes J 1
Two Persons Shot J 2
Farm Owned by Nuns Raided J 2
66 People in Custody J 2

MEXICO

Nonaligned Meeting Delegation Announced M 1
EEC President Arrives on Official Visit M 1
Holds Talks With Secretaries M 1
98.8-Percent Inflation Rate Recorded in 1982 M 2

PANAMA

Columnist Terms President's Speech 'Superficial' N 1
[LA PRENSA 6 Jan]
Attorney General on Social Security Fund Case N 1
Briefs: Growth of Merchant Marine; N 2
Dominican, Peruvian, Netherlands Envoys

CENTRAL AMERICA

BELIZE

Government Says Talks Set With Guatemala, UK P 1
Price Outlines 'Middle-of-Road' Foreign Policy P 1

COSTA RICA

Ministry Reports Arrest of Diplomats in Managua P 2
Volio Protests Detention P 2
Security Minister Tours Israel, Europe, U.S. P 3

EL SALVADOR

Regional Commander Rebels; Demands Garcia Ouster P 3
Police Arrest Sisters for 'Guerrilla Liaison' P 4
Havana Reports Heavy Army Casualties in Clashes P 4
Radio Venceremos Reports on FMLN Actions P 4
Paracentral Front P 4
1982 Achievements Cited P 5

GUATEMALA

Rios Montt Comments on State of Siege, Elections P 6
More on News Conference P 6
[PRENSA LIBRE 6 Jan]
Honduran President Visit Slated for 12 Jan P 7
Defense Minister on Arms Purchase, Subversion P 7
Army Chief of Staff on Unity of Military P 8
[PRENSA LIBRE 30 Dec]
French Aid Group Alleges Army Massacre in Village P 9
Subversives' Leader Surrenders to Authorities P 9

HONDURAS

Aid Reported Threatened by U.S. Company's Action P 10

NICARAGUA

Ministry Announces Visit of U.S. Officers P 10
Havana Cites Visit P 11
Station Criticizes U.S. Note to Argentina P 11
Commander Carrion on U.S. 'Negative Effects' P 12
[PATRIA LIBRE Nov-Dec 82]
Article Scores Nutting, U.S. Southern Command P 14
[SOBERANIA Dec 82-Jan 83]
85 Delegations To Attend Nonaligned Meeting P 16
Briefs: Departure of Battalion 40-18; P 16
Coffee Export Figures

CUBA

Fidel Castro Welcomes Former Colombian President Q 1
Castro on Resumption of Relations With Colombia Q 1
[Bogota Emisoras CARACOL]
Vice President Juan Almeida Arrives in Mali Q 2
National Assembly Delegation Arrives in Algiers Q 2
UN Ambassadors Visit Ministry of Public Health Q 2
Guatemalan Regime's 'Instability' Highlighted Q 2
Central American Revolutionary Movements Viewed Q 3

CARIBBEAN

GRENADA

Agriculture Ministry Gets Tractors From Cuba S 1
[Havana]

HAITI

Bombs Defused at Finance Ministry, Post Office S 1

ST VINCENT & THE GRENADINES

Official Claims Four Percent Economy Growth S 1

OTHER COUNTRIES

CHILE

Court Rejects Government Closure of Magazine V 1

PARAGUAY

Political Prisoners' Hunger Strike Continues V 1
[ABC COLOR 6 Jan]

UN AMBASSADOR INTERVIEWED ON FALKLANDS ISSUE

PY070006 Buenos Aires TELAM in Spanish 0130 GMT 6 Jan 83

[Text] United Nations, 5 Jan 83 -- (TELAM) -- During an interview granted to TELAM in New York, the permanent Argentine representative to the United Nations said that despite the resistance that they have shown up to now, I hope that the British Government will realize that it must achieve a specific agreement with Argentina and ultimately recognize our rights (regarding the Malvinas Islands).

Ambassador Carlos Muniz talked to TELAM on the eve of his trip to Managua where he will attend a meeting of the Nonaligned Movement Coordinating Bureau, which will mainly discuss Latin American issues.

Argentine Foreign Minister Juan Aguirre Lanari will also travel to Nicaragua to attend this meeting. When Aguirre Lanari returns to Buenos Aires, Ambassador Muniz will remain in Nicaragua to head the Argentine delegation that will attend the meeting. The Nonaligned Movement Coordinating Bureau will issue a declaration at the end of the meeting. This declaration will deal with, among other things, and because of its current importance, the Malvinas Islands issue. Muniz said that Argentina will continue to struggle in defense of its [words indistinct] rights to the Malvinas Islands. It is well known that we have submitted a note to the UN secretary general in which we reassert our rights and note the need to start negotiations on basic issues in keeping with the resolution approved by the UN General Assembly and with the opinion of the majority of the organization's member countries.

Ambassador Muniz also noted the position in this regard "is not merely upheld by our country, but by other Latin American countries and the majority of countries throughout the world." He added that "among them, we must note the invaluable support of the members of the Nonaligned Movement."

The Argentine diplomat said that although I believe that the Malvinas problem is one of the main and priority issues of concern for Argentine foreign policy and that we shall carry out several activities in this regard, there are several other serious international policy issues that we must also pay close attention to. Muniz noted the importance of the Argentine Government's decision to establish new embassies in African and Asian countries with the objective of strengthening relations with these countries. He noted that this decision reaffirms one of the basic principles of Argentina's foreign policy: to maintain strong relations at all levels with all countries of the world.

Asked in what forum Argentina will specifically pursue the Malvinas Islands issue during 1983, Ambassador Muniz replied that it will be within the United Nations and its different organizations, the OAS, the Nonaligned Movement meeting to be held in New Delhi and in all pertinent international meetings.

Regarding his belief that the United Kingdom will have to recognize Argentina's rights in the Malvinas Islands, the Ambassador noted that UN General Assembly decisions have such moral force that in the end the United Kingdom will finally have to accept it: "Great Britain may take its time to arrive at this decision but in the end it will have to yield to the will of the majority of the countries of the world."

COMMENTATOR ON RELATIONS WITH CHILE, BRAZIL

PY061755 Buenos Aires LA PRENSA in Spanish 5 Jan 83 pp 1, 4

[J. Iglesias Rouco commentary: "Bitter Fruit"]

[Text] Chile and the Vatican may have once again begun to exert discreet pressure on Argentina with the purpose of obtaining, without further delay, this country's acceptance of the papal "proposal" issued on 12 December 1980. An Argentine delegation headed by Mr Ortiz de Rozas began to renegotiate this proposal in Rome almost 1 year ago.

As far as we know, this pressure may have been exerted in a very indirect manner, because the Vatican has certainly not made any suggestions to Buenos Aires recently, either about the Beagle or about the idea of a general system for strategic and economic cooperation whose significance would far outweigh that of the dispute itself, an idea which has already been mentioned. Nor has the Vatican shown any willingness to make even marginal changes in the initial scheme, something Buenos Aires has long sought.

Taking into account Argentina's difficult international situation, the attitude adopted by Rome is highly alarming and it could even become a very effective form of pressure. For their part, both the military junta and the government have reportedly decided to pass the problem on to the next government, in view of the considerable territorial and geopolitical concessions that Argentina would have to grant under the terms of the papal proposal. Despite rumors that circulate here and there, this complete lack of action may be weakening the spirit of many of our diplomats, among them Ortiz de Rozas himself. Ortiz de Rozas may even resign in the near future as Argentina's main representative at the Vatican.

After the Malvinas defeat and the consequent aggravation of Argentina's international isolation -- isolation which is today more dangerous than it was in the past due not only to our territorial and strategic differences with Chile or to Brazil's strong expansionism, but also to the presence of a sizable UK military garrison on the Malvinas -- we pointed out that Argentina had probably run out of chances for renegotiating the famous "proposal." This is, at least, the idea that the Vatican and Chilean positions seem to reflect. There should be no doubt that if this is true, the extension of the dispute, even with the purpose of preserving our sovereignty in the Beagle channel, may in the long run turn into something worse, since in the event of a Chilean military action, the British would be on Argentina's flank. And not only the British, but probably also their allies -- headed by the United States -- all strong supporters of the "proposal." On the other hand, it is also true that any agreement with Chile, any agreement involving the sacrifice that Rome demands from Argentina, will only be valid if endorsed by Congress. The way things are, it is no longer possible to tell which of the two solutions is more convenient, whether to reach an agreement immediately or to delay it. While both may be bad, they are the only possibilities we have.

What we can actually recognize amid this disaster -- a new disaster that we had better add to that of the Malvinas -- is the result of many years of neglect, of intellectual frivolity, of sectarianism, of failure to understand reality and achieveable goals, economic and political, foreign and domestic, of our country. It was only the day before yesterday that we heard most of our leaders making highly aggressive statements about the islands and about London, where even the possibility of waging war was mentioned. However, we know that privately all of them condemn precisely, if not the 2 April events (although many leaders also condemn that initiative), the fact that Galtieri and his military junta comrades rejected the proposals that we received and engaged in a war that Argentina, even without their inability and mistakes, could not win.

Those who make this kind of statement are laying the groundwork for future foolish actions, simply because the loss of credibility which may result from their foolish statements -- which are aimed at nourishing chauvinism and are, therefore, rejected by real patriots -- will prevent the formation of competent groups around them and will destory the little faith the people still have in their leaders. This will paralyze the nation, as is already happening. It should be well understood that all of this will happen not because they advocate a war of recovery or because they do not rule it out -- a position that will always be honorable for those who believe in it -- but because they are going against their intimate convictions, that is, against themselves.

Thus, just as the question of the Beagle, the arbitration and finally the mediation with a "proposal" that today places the sword of Damocles over our heads is the result of an absurd diplomacy, not to mention the 1970 Conase [National Security Council] recommendations, equally so are the Corpus Dam and, to a certain extent, the Yacyreta Dam -- in the way they have been planned -- the results of that diplomacy. The dams are about to become the axis of Brazil's policy of expansion toward the west, which has as its first objective, partially achieved with Itaipu, the closing of the upper Parana River to navigation.

In other articles we will give a detailed explanation of how and why we are heading toward a situation in which Argentina is being confined to the River Plate Basin. Today we will just relate an event which also demonstrated, as the Beagle case does, how completely ineffective our foreign policy is. According to correspondence that is in the hands of San Martin Palace, in April 1969 the then foreign minister, Mr Costa Mendez, instructed the ambassador to Brazil, Mr Mario Amadeo, to submit a "reservation" to Itamaraty regarding Argentina's right to be informed of how the River Plate Basin's rivers, within Argentine jurisdiction, would be affected by Brazil's hydroelectric works and projects on the upper reaches of those rivers. But, presumably the "reservation" was unaccountably ommitted in Mario Amadeo's note to the Brazilian Foreign Ministry. Moreover, several months afterward, in October of the same year, Mr Amadeo presumably addressed in a "personal letter" to under secretary Mr Alvarez de Toledo in which he reported that commission, which he attributed to involuntary causes, because, he explained, "those clauses are contained in the final page."

At the same time, Mr Amadeo proposed three solutions: two of them involved submitting more notes containing the "reservation" to Itamaraty and the third one, the author of the above mentioned correspondence stresses, implied maintaining silence, in other words, letting matters stand as they were. Curiously, Amadeo counselled San Martin Palace to adopt the last solution.

After the resignation of Costa Mendez and Amadeo, another line was adopted, luckily, by Mr [Juan B] Martin, although it was adopted with hesitation (Itamaraty even asked the Argentine charge d'affaires to withdraw the note and the Argentine Foreign Ministry was presumbably quite close to accepting Brazil's "counsel"). Anyway, our reaction went no further. Today, with dams such as Itaipu, dams that have been planned like Yacyreta and Corpus and those that have already been built to the north of Itaipu (Jupia) by Brazil, entire Argentine cities -- including Resistencia -- and even the future Middle Parana project are condemned to death. It is a sentence of death to such an extent that even towns that are not very close to the Parana River, such as Formosa, are presumably already suffering from the effects of the diplomatic and strategic lack of foresight of Buenos Aires. Yesterday, for example, some technicians were telling us that although the terrible floods afflicting Formosa and other provinces are due mainly to the rains, the influence of Brazil's dams must also be taken into account. The Parana is now acting like a containment dam, blocking the normal flow of the Paraguay River and causing the imaginable additional effects on top of the effects of the rains.

Anyway, it may be only a theory, but an investigation would be worthwhile.

Regrettably, the Argentine "leadership" apparently cannot find the time nor can it dredge up the will to attack these serious problems. Today, the most important game is nearly exclusively being played here: That of an election that has no more solid basis than ballot boxes, ward infighting, maneuvers and the cutting up of the administrative pie. The large political parties, which have already demanded that the government call direct elections with "ballotage" -- thus we will have another constitutional amendment which, among other things, has caused electoral court judges such as Mr Susini to resign (Susini yesterday presumably expressed his desire to resign) -- are not interested in remembering that the Constituion is also an instrument for preserving Argentina's political heritage in the world, which today has become dilapidated.

ECONOMY MINISTER: NO COMMITMENTS BEYOND MARCH 1984

PY062335 Buenos Aires LA NACION in Spanish 2 Jan 83 p 6

[Text] Through a communique, Economy Minister Jorge Wehbe stated that "the government has been very careful not to extend either its goals or its policies beyond March 1984, the conclusion of the 15-month period during which the standby agreement with the IMF will be in force." "This agreement," the communique explains, "which came into force yesterday, will not favor recession but, on the contrary, will foster expansion, since it will allow us to achieve our goals within the framework of a preestablished order of reasonable proportions, without any recessionary restriction."

TRADE SECRETARY ON 1983 SURPLUS, NEW MARKETS

PY061739 Buenos Aires Domestic Service in Spanish 1030 GMT 6 Jan 83

[Text] Trade Secretary Alberto Fraguio has reported that Argentina's trade balance will have a $3-billion surplus in 1983. Based on what he called very conservative estimates and on predictions made for 1983, Fraguio stated that the $3-billion surplus will result from exports on the order of $9 billion to $10 billion and from imports of approximately $6 billion or $7 billion. The trade secretary also stated that the EEC will continue to occupy an important place, but not as important as that of the Eastern Bloc. Sizable amounts of (?fodder), small amounts of very high-quality beef and fresh fruits -- whose amounts are difficult to predict at present -- are likely to be exported to that market within the next few years.

As for the subject of new markets, Dr Fraguio stated that Argentina will export domestic products to African nations, adding that the African nations will become regular buyers of Argentine fish products. Dr Fraguio concluded by stating that 1983 might have new prospects for the diversification of markets and products.

CABINET RESHUFFLE REPORTEDLY SOON TO OCCUR

Observers Quoted on Crisis

PY061905 Paris AFP in Spanish 1503 GMT 6 Jan 83

[By Andres Soliz Rada]

[Text] La Paz, 6 Jan (AFP) -- Old differences within the Democratic and Popular Unity [UDP], which is now in power, have abruptly surfaced and may cause the complete reshuffling of the cabinet, observers in La Paz noted today. The crisis broke out when Oscar Eid Franco, leader of the Revolutionary Movement of the Left (MIR) which belongs to the UDP, questioned the government's sincerity in telling the people about the country's real situation.

The MIR put the question to Interior Minister Mario Roncal Antezana, accusing him of foot-dragging in carrying out the fight against drug trafficking during the first 90 days of the democratic regime. All seems to indicate that the question raised was viewed with great sympathy by the U.S. Embassy, which has reportedly objected to Roncal's unproven assertion that in the previous 3 months the government captured more than 100 drug traffickers and seized 225 kilograms of cocaine.

To solve the problem, the MIR may have proposed that Eid Franco take over the powerful National Council for Drug Traffic Control. This move would greatly increase MIR's political influence in the UDP to the detriment of its other members, the leftist National Revolutionary Movement [MNR-I], led by Siles Zuazo, and the Bolivian Communist Party [PCB]. The MIR also suggested that current Foreign Minister Mario Velarde Dorado move to the Interior Ministry and that Marcial Tamayo, who has excellent relations with the United States, come into the Foreign Ministry. It was noted that Tamayo Ramos was interior minister in the first Siles Zuazo constitutional regime from 1956 to 1960.

Hoping to fulfill these objectives, none of the six MIR ministers attended the cabinet meeting -- the first one of the year -- that was called by the president. According to reports supplied to AFP, the MNR-I, particularly Foreign Minister Velarde Dorado and Defense Minister Jose Ortiz Mercado opposed the MIR proposals saying that if Tamayo is included in the cabinet, it will mean that the government will shift to the right. Moreover, it was established that the PCB has maintained an alcof position regarding the conflict. However, the PCB expressed its support for Roncal Antezana a few weeks ago.

The crisis is on hold in this regard. The national UDP leadership will hold several meetings today. The result of these meetings will probably be the appointment of a new cabinet that will take into account the interests of the different parties that make up the UDP.

MIR Proposes Changes

PY061955 Paris AFP in Spanish 1549 GMT 6 Jan 83

[Text] La Paz, 6 Jan (AFP) -- Oscar Eid Franco, a prominent leader of the Democratic and Popular Unity [UDP], has confirmed that his party, the Movement of the Revolutionary Left [MIR], has proposed substantial changes in the drug traffic control policy and action against paramilitary groups. Eid Franco also said that the consideration of these proposals should lead to a ministerial change. In a press conference held this morning at Government Palace, the MIR leader stated that the proposed changes seek essentially to make government policy more effective and to fulfill set guidelines.

He added that the UDP has been, is and will be solidly united and that the coalition crisis is occuring because of efforts to overcome some shortcomings.

Reshuffle To Occur This Weekend

PY062000 Paris AFP in Spanish 1610 GMT 6 Jan 83

[Text] La Paz, 6 Jan (AFP) -- AFP was told today in La Paz that Interior Minister Mario Roncal Antezana, the object of criticism, will be replaced within the next few days by Fernando Poppe, current transport and communications minister. The crisis within the Democratic and Popular Unity [UDP] which is in power now, will thus be overcome, the same source added.

The replacement of minister Roncal Antezana, whose management has been considered not very effective as far as drug trafficking and paramilitary activities are concerned, could also affect Information Minister Jorge Gonzalez Roda, given the serious criticism by the co-governing Movement of the Revolutionary Left [MIR].

The ministerial reshuffle, after which former Ambassador to the United States Marcial Tamayo will reportedly hold an important ministry, will take place this weekend, at the end of a meeting involving the three parties that make up the UDP -- the MIR, the Bolivian Communist Party and the National Revolutionary Movement of the Left. The purpose of the meeting is to discuss proposals presented by the MIR.

Presidency Secretary Denies Reshuffle

PY070115 La Paz Cadena Panamericana in Spanish 0000 GMT 7 Jan 83

[Text] Horacio Torres, minister secretary of the presidency, stated that there will be no cabinet reshuffle as some sectors of the media are speculating. This statement was made by the government official as he left Government House.

In answering questions posed by journalists, Horacio Torres stated that the president is taking care of government matters at the San Jorge residence. This is his statement to Panamericana:

[Begin Torres recording] I believe that there will not be a new cabinet this week. [end recording]

PCB Deputy Vows To Defend Democracy

PY061941 Paris AFP in Spanish 1616 GMT 6 Jan 83

[Text] La Paz, 6 Jan (AFP) -- On analyzing the crisis unleashed within the governing coalition, the Democratic and Popular Unity [UDP], the co-governing Bolivian Communist Party [PCB] has stated: We will turn Bolivia into a river of blood and fight to the last man to defend democracy.

This statement was made by PCB Deputy Adalberto Kuajara, in the city of Vallegrande, 800 km east of La Paz, while rejecting rumors that this district was turning into a den of paramilitary groups.

SOME OFFICERS STILL OPPOSE GOVERNMENT POLICIES

PY061133 La Paz Cadena Panamericana in Spanish 0000 GMT 6 Jan 83

[Text] National Defense Minister Jose Ortiz Mercado has stated that there are minor military sectors which still resist some of the policies of the Government of the Popular and Democratic Unity which has ruled the country since 10 October 1982. These statements were made by the minister at the end of the ceremony during which Vice Admiral Vargas Mendez was sworn in as new under secretary for maritime, river and lake interests. The ceremony took place in his office. The new under secretary replaces Capt Edmundo Pereira Torrico who also held the post of urban development and housing minister.

At the same time the defense minister stated that the great majority of the members of the armed forces are cooperating in a decisive manner to strengthen the democratic process.

[Begin Ortiz recording] As I stated yesterday, the great majority of the armed forces, the majority of its members, are helping to recover and improve the armed forces' prestige and are cooperating with the democratic process within the framework of the state's constitution. [end recording]

Among other things, the minister pointed out that it is the duty of all Bolivian citizens to fight against drug trafficking which is a threat to Bolivia's youth and has discredited our country at the international level due to previous administrations. This is the minister's statement:

[Begin Ortiz recording] Therefore, I believe that it is the basic duty of all Bolivian citizens to contribute to the struggle and help in the eradication of drug trafficking. [end recording]

FINANCE MINISTER DENIES POSSIBLE DEVALUATION

PY062347 La Paz Cadena Panamericana in Spanish 1700 GMT 6 Jan 83

[Relay from Cochabamba]

[Text] At 1220 Finance Minister Ernesto Aranibar Quiroga ended the press conference granted to the media of this district. Among the noteworthy statements made, the finance minister pointed out that there will neither be a mini nor maxi devaluation since the country has enough dollars. He also mentioned that Bolivia is about to receive a $200 million loan from the IDB. The finance minister believes that the country's economic policy will become more flexible with the establishment of a special commission in his ministry that will be in charge of granting loans to the industrial sector. Another important announcement the minister made during the press conference is that in the course of the next few days the central government will issue a government evaluation on political and economic issues that will refer to the positive and negative aspects of these sectors. We will disclose more information on this subject during our next newscast.

NATIONAL BOARD ESTABLISHED AT MINISTRY LEVEL

PY061451 Buenos Aires LATIN in Spanish 0021 GMT 6 Jan 83

[Text] La Paz, 5 Jan (LATIN-REUTER) -- The Bolivian Government has established the National Solidarity and Development Board at the ministry level and appointed Javier Torrez Goyttia to head it.

This ministry will confront the serious social problems affecting the country due to the present economic crisis.

The announcement was made today by Information Minister Jorge Gonzalez at the end of the first cabinet meeting of the year.

This new organization replaces the Presidential Social Action Board which mainly carried out philanthropic activities.

According to Torres Goyttia, the government must implement social justice and solidarity measures to confront, among other things, the present high rate of unemployment.

GOVERNMENT EMPLOYEES CALL 48-HOUR STRIKE

PY061447 La Paz Radio Panamericana Network in Spanish 1100 GMT 6 Jan 83

[Text] Public servants will hold a meeting this morning beginning at 0800 at the Finance Ministry building in order to decide whether to lift or to continue the 48-hour strike they are engaged in. This was reported to Panamericana by the leader of the Public Servants Federation, Mario Viveros, who stated that the strike is on but may be lifted at noon today if an agreement can be reached. This sector is being strongly criticized by the citizenry who say that the strike is a senseless measure which was adopted by the insensitive and unsatisfied bureaucracy. In turn, a spokesman for the sector, in a phone conversation with Panamericana, charged that some state ministers are pressuring and threatening their employees.

The strike, which was unilaterally adopted yesterday by the public servants unions at ministries and other state agencies, is considered an affront to the leaders of the Public Servants Federation. This federation handed a communique to Panamericana calling for an emergency plenary session where the leaders, headed by Mario Viveros, may explain the attitude of these public servants, which is damaging the goal of having their unions recognized by the government.

48-Hour Strike Lifted

PY061800 La Paz Cadena Panamericana in Spanish 1700 GMT 6 Jan 83

[Excerpt] The extraordinary congress of public servants has decided to lift the 48-hour strike that went into effect yesterday, because for the time being they have accepted the offer of a 5,000 peso bonus and the spirit of the supreme decree that was released yesterday, which pertains to the drafting of the labor union's regulations. This information was provided by Mario Viveros, executive secretary of the Labor Federation of State Workers, who also indicated that all public servants must return to their jobs this afternoon at their usual time.

GOVERNMENT PUBLISHES LETTER OF INTENT TO IMF

PY070205 Brasilia Domestic Service in Portuguese 2200 GMT 6 Jan 83

[Excerpts] Economy Minister Ernane Galveas this afternoon delivered to President Joao Figueiredo the Brazilian Government's letter of intent addressed to IMF Director Jack de la Rosiere.

Presidential spokesman Carlos Atila explained why the government decided to publish the letter. [Begin Atila recording] There are two things to be pointed out. First, for several weeks, the mass media and many sectors of Brazilian society have been surprised by the fact that the letter had not been published. Well, it was published today because it was completed today. There was no letter before last night. There were negotiations and government decisions on our country's political and financial policy but, as a document, the letter is dated today. That is why it is only being published today. [end recording]

Atila also explained why the complete text of the letter was published. [Begin Atila recording] The government decided to publish the complete text of the letter precisely because it feels that this is the right time for the entire Brazilian society to learn the details of our economic-financial policy on the basis of the information included in the letter. It is important that the productive sectors, consumers and the nation in general know the government's program to fight inflation and neutralize balance of payments deficits. The nation should also know the goals that have been set for 1983, so that we can join efforts in order to overcome the repercussions of the world economic crisis. [end recording]

LANGONI'S 20 DEC ADDRESS TO BANKERS IN NEW YORK

PY062134 Rio de Janeiro LATIN AMERICA DAILY POST in English 6 Jan 83 p 10

[Speech by Central Bank President Carlos Langoni to bankers in New York on 20 December]

[Text] I want to explain to you our strategy to help Brazil overcome the present constraints of the financial markets.

The international banks here represent different countries. While your institutions have their own characteristics, they share two important common points: first, all are major participants in the international financial market; and second, all have major commitments to Brazil, commitments that go beyond the fact that your banks account for roughly 90 percent of my country's external debt due to foreign banks. You have been partners in our economic development for many years. We are sure that this partnership will continue in the future. Of course, the two common points mentioned before are interrelated in the sense that the success of this meeting will help to strengthen the confidence in the financial market which is preconditioned to its efficient functioning.

My presentation is in two parts: First, I will try to review the strategy followed by the Brazilian authorities to deal with the external financial needs of the country after the crisis experienced by Mexico; second, I will discuss our financial needs in 1983 and present specific proposals for the kind of support we envisage from commercial banks.

The Strategic Decisions

First, it is important to stress that Brazil's current difficulties mainly result from drastic changes which have occured in the financial markets after the Mexican debt deferral.

Until then, Brazil had relatively easy access to the markets which recognized the efforts we have made since 1981 to adjust to the growing constraints represented by high external interest rates and declining commodity prices. It is worth remembering that this adjustment process produced an important turnaround in our trade accounts even in an extremely unfavourable environment. The balance of trade showed a surplus of $1.2 billion in 1981 and roughly $800 million in 1982.

Brazil is therefore one of the few oil importing developing countries to manage to show a surplus in its trade-account for the last two years when the world has been beset by recession.

Under normal circumstances, the market perception of this fact would have resulted in the flow of financial resources necessary for the servicing of our debt. In fact, this did indeed happen during the first half of this year. Despite the problems related to the rescheduling of Poland's debt and that of certain Central American countries and the South Atlantic war, Brazil was able to borrow an average of $1.5 billion a month during the first six months of 1982. Immediately after the Mexican crisis and the IMF meeting in Toronto, there was a sudden deterioration in the market. Our overall monthly borrowings were reduced by half in September and October, despite our attempts to approach the market through a series of club deals for our best public sector borrowers and intensified efforts to obtain more trade related local cost financing. The slow-down in the market was even more pronounced in the case of loans to Brazilian banks under Resolution 63. From an average of $400 million per month over the January/July period, we realized only $200 million in September, merely $100 million in October, and there has been no significant recovery since then. These numbers reflect the virtual closing of the financial markets to Brazil, resulting from the reaction to the difficulties experienced by other Latin American countries in servicing their debt. This drastic tightening in liquidity has also been dramatically felt in the interbank market when adverse market reactions to the Mexico/Argentina situation have impacted Brazil. Money market lines of credit to Brazilian banks were cut despite their well established reputations for professional management. This has forced them to resort to short-term borrowing as the only viable alternative while they attempt to restructure their assets in the direction of shorter maturities.

Fortunately, the situation today for foreign branches of Brazilian banks has stabilized, due to efficient management and to a policy of exchanging profitability for liquidity. On average, overnight funding represents no more than 13 percent of inter-bank liabilities.

(Inter-bank liabilities is defined as funds purchased in the short-term inter-bank market.) [DAILY POST note]

The latest figure as of November for total inter-bank liabilities of all agencies and branches of Brazilian banks abroad is $10 billion.

After the IMF meeting, the Brazilian Government recognized the need for urgent action to overcome not only the short-term liquidity constraints but also to face realistically the more lasting consequences of the actual crisis. Last August, an important political decision was taken to speed up the voluntary adjustment process of the Brazilian economy and, at the same time, to take the necessary measures to assure that Brazil would go on meeting its obligations, both financial and commercial, on time. The basic idea was that a voluntary adjustment made early would be more efficient from the economic viewpoint and less costly from the social and political viewpoint than a compulsory adjustment made at a later time.

To deal with the current liquidity constraints, we decided to bring together in a coordinated fashion the major international banks, central banks and governments of the most important industrialized countries in an effort to correct the present distortions in the international financial market.

Our analysis shows that under present circumstances we cannot look to market forces to restore the levels of resource flows necessary to finance our external deficit in 1983. Only a planned and coordinated effort can offset market uncertainties, with the commercial banks assuming a leading role side by side with official lenders.

The political decision of not suspending payments and not asking for a general rescheduling has led to the quick mobilization of our international reserves which had to be used to fill the gap, already mentioned, between our initially planned borrowing needs and the effective inflows, given the deterioration in market conditions.

Recognizing the reality of the slow response of the market, we saw that we should undertake a series of reserve-related borrowings to maintain a satisfactory level of liquidity for meeting our immediate cash-flow needs. The "bridge operations" provided by our major banks met this objective. These operations do not mean that we have shifted from our basic conservative approach of using short-term borrowings only when they are genuinely traderelated. In fact, it is important to realize that these bridge operations are entirely covered by long-term resources either already committed from commercial banks or coming from new institutional sources such as the IMF. Thus they represent a simple anticipation of long-term financial resources already committed and create a liquidity cushion indispensable for a smooth transition into 1983.

Table 1 [as published, no tables appear with speech] summarizes these bridge operations. Their estimated net disbursements by the end of the year will be $3 billion, $1 billion net from the U.S. Treasury and approximately $2 billion from commercial banks. These bridges represent, as I said before, an anticipation of IMF drawings in the case of commercial banks. They anticipate either disbursements under committed loans to public sector companies cr participations in the new money facility that we are proposing. The BIS [Bank for International Settlements] drawing of $1.2 billion is expected to be disbursed not later than the first week of January.

Thanks to the support received from our major banks and the success of our over-all efforts, we will be able by year-end to improve the liquidity position of our international reserves in comparison with the end of October, while we continue to meet our obligations on time. The level of our international reserves will thus reach $4.8 billion in the beginning of January, which is $2.8 billion below our position as of December 1981. During 1982 the loss of reserves was $4 billion, mostly during the months of September and October when the financial markets were virtually paralyzed.

Again, I would like to express the gratitude of the Brazilian Government to the commercial banks from all over the world that responded to our request for the bridge financing. We also want to thank the U.S. Treasury, the Federal Reserve and other central banks involved in the $1.2 billion BIS loan, which we expect to become available in January. This support has permitted us to deal effectively with the challenges of the current financial markets.

We must be prepared to face any continuing restrictions in the financial markets. Brazil has, therefore, decided to implement over the next three years an economic program geared toward substantially reducing the country's dependence on external financing. The basic objective is to reduce sharply the current account deficit from the present level of nearly 5 percent of GDP to about 2 percent in 1983, 1.5 percent in 1984 and 1 percent in 1985. As you can see from Table 2, the new medium- and long-term financial needs of Brazil from foreign commercial banks in 1983 will reach $9.6 billion, of which $4 billion represents the roll-over of amortizations of medium-term debt coming due in 1983, $4.4 billion represents new money needed to be contracted and $1.2 billion represents disbursements under existing commitments.

This represents a change from the $10.9 billion that was required in 1982. Further reduction in gross borrowing is planned for 1984, consistent with the projected cut in the current account deficit to roughly $5 billion by the end of 1985.

One of the most important aspects of this program is the voluntary character of the adjustment process which is implicit in the reduction of external disequilibria.

The Brazilian Government approved this plan on October 25, before the important general elections held on November 15. This demonstrated the political will and determination to implement the difficult but necessary domestic measures which are the domestic counterpart of the planned improvement in the external accounts.

These measures may be summarized as: first, a drastic reduction in the public sector deficit (excluding deficits of states and municipalities and monetary correction in the domestic debt) from approximately 6 percent to 3.5 percent of GDR, mainly through a real decline of 21 percent in investments by state enterprises; second, a readjustment of the interests rate structure through the gradual elimination of agricultural subsidies and an end to large new issues of public debt; third, a real devaluation through acceleration of the pace of mini-devaluations vis-a-vis the dollar to a rate slightly exeeding the Brazilian rate of inflation; fourth, an increase in the domestic production of oil and oil substitutes; and, fifth, continuation of our policy of increasing the price of oil products in the domestic market at a rate at or above the level of domestic inflation.

As you are already aware, this economic program has been endorsed and approved by the IMF, in a smooth negotiation lasting only three weeks. We believe this demonstrated the coherence and viability of our economic strategy which has been designed to bring about a relaxation of constraints stemming from the external accounts, reduce the rate of inflation, and produce structural changes aimed at reducing the direct and indirect intervention of the state in the economy.

All this will set the stage for a new period of self-sustained growth with smaller external and internal imbalances.

The IMF support for and participation in this joint-venture with our commercial-bank lenders is vital to the success of this endeavor. The combined effort should increase the confidence of the financial community in our economic program. Furthermore, the EFF [Exchange For Futures] drawings which amount to 450 percent of our quota or $4.8 billion will be strategically used to reinforce and recompose the level of our international reserves.

Table 2 presents our financial needs for 1983. It also shows the estimate of new medium-term financing needed from foreign banks.

The total balance of payments requirements are $16.8 billion, which consist of $6.9 billion to cover the current account deficit, $7.2 billion to cover debt amortizations, $1.1 billion of net export credits, and $1.6 billion to rebuild international reserves.

From this we deduct net private investment of $1.5 billion and net official project loans and supplier credits of $4.5 billion, leaving a gap of $10.8 billion.

We then add the repayment of $3 billion of bridge operations, consisting of $2 billion to commercial banks and $1 billion to the U.S. Treasury.

Non-Foreign Sources

Let us now consider non-foreign bank sources which total $4.2 billion, composed of IMF drawings in 1983 of $2.5 billion, direct intercompany loans (Law 4131) totaling $0.5 billion, loans by Brazilian commercial banks (roll-over of $0.5 billion falling due in 1983 and $0.1 billion of new already committed money) and, finally, new trade-related lines of $0.6 billion from non-financial entities.

The resulting net gap of $9.6 billion represents gross receipts coming from the foreign banks as follows: (1) $4 billion from the roll-over of debt amortizations due in 1983; (2) $1.2 billion from commitments made in 1982 but not drawn; and (3) $4.4 billion of new money to be contracted. This net borrowing figure represents an increase of exposure of foreign banks to Brazil of $7.5 percent which is substantially lower than the average rate of 21 percent by which foreign bank exposure increased over the last five years, and is less than the average 10 percent rate of capitalization expected for international banks. In the years ahead we expect a still lower figure for our net borrowing needs following further reduction in our current account deficit.

The figures just reviewed show, from both a balance of payments and a cash-flow viewpoint, that the suggested strategy is coherent and viable. Of course any additional gain coming specially from a better than projected performance resulting from lower interest payments will be used primarily to improve our international reserve position.

Outstanding are medium- and long-term exposures of foreign banks estimated as of December 31, 1982, to be $44.4 billion, plus the following: $4 billion of traderelated financial loans, $8.6 billion of short-term trade-related debt and $2 billion of bridge financing.

Before we go on to describe our specific proposals to assure the minimum required financial flows, it is important to clarify our short-term debt situation.

Brazil has for many years adopted a strategy of paying high spreads to ensure long maturities. All of you in the financial community are very much aware of this. There are minimum maturities and grace period requirements for all financial loans to the private and public sectors. We do not intend to change this policy which has been one of the key elements in Brazil's program of managing its external debt in an efficient way. Given the structural nature of our balance of payments disequilibria, it is not appropriate to increase our short-term debt in relation to total debt. We need time until we are able to reduce our present dependence on imported energy. Because of this, our policy has been to restrict short-term debt to the financing of imports of oil and raw materials and, more recently, to the financing of exports by Brazilian banks.

Our short-term debt is projected to be $8.8 billion at the end of this year. This amount should remain stable or even show a slight decline next year as a result of a $3 billion reduction in imports. The bridge loans, as we have emphasized previously, are special operations undertaken to anticipate 1983 medium-term borrowings. Nevertheless, even if we take these bridge operations into account, the 1982 estimate of short-term debt would be $11.8, consisting of the $8.8 billion plus $3.0 billion of bridge loans which will be repaid in 1983.

As might be expected, a direct consequence of the implementation of the economic program will be a significant reduction of the rate of increase of our external debt, both short- and long-term. The rate of increase in external debt is expected to be about 8 percent in 1983 and about 7 percent in 1984, compared with a 14 percent average annual rate of increase between 1978 and 1982.

Specific Proposals

I believe that you now have a broad and, I hope, clearer picture of the Brazilian strategy, both short- and medium-term, for overcoming its present difficulties in the financial markets. As I said at the beginning, our strategy is based on the decision by the Brazilian Government to implement a voluntary adjustment program.

We are making every effort to avoid the repetition of other traumas in the financial markets. We believe that we have done our part in facing up to realities. We hope you agree that Brazil has been responsible to the international community in working in a coordinated fashion with central banks, with official institutions such as the IMF and the BIS, and with commercial banks.

What we expect from you, the commercial banks, is a voluntary commitment to help financial needs in 1983. It is only through your continuing support and confidence that we can succeed in this transition year of 1983.

Time constraints did not give us the chance to meet separately with the banks that played major roles in supporting us during the present liquidity crisis. To the banks which have provided bridge loans, we want to express again our thanks and deep gratitude for your confidence.

Our present perception of the market suggests that we move towards a decentralized approach, preserving the business relationships of the banks and keeping open the different channels of financial intermediation which already exist.

Thus, we have developed a financing strategy which covers four basic projects:

Project 1 - new money facility
Project 2 - 1983 debt amortizations
Project 3 - short-term trade-related debt
Project 4 - money market lines to Brazilian banks abroad

The new money requirements total $4.4 billion. We are asking the banks assembled here, representing approximately 90 percent of outstanding medium-term debt, to agree collectively to underwrite our new requirements. Such a commitment would imply a 7.5 percent increase in the exposure estimated by Banco Central to have been oustanding at the end of 1982. The intent would be t submit to you, the managing banks, on a quarterly basis, a list of approved borrowers together with proposed amount and timing of borrowings. We would expect that the managing banks would agree to break down their underwriting commitments among the respective borrowers. To the extent possible, managing banks would have the ability to access the market place to reduce their underwriting, within agreed upon time constraints. The underwriting commitment, to the extent that it was not reduced in the proposed form, would be callable by Brazil periodically in the form of a loan to Banco Central. Pricing on the loans to Banco Central would be the same as those for the relending of 1983 debt amortizations.

1983 Debt Amortizations

Total: $4 billion. All banks will be asked to apply the proceeds of their respective amortizations of debt of existing borrowers as they come due between January 1st and December 31st to new loans to Brazilian entities, which may include the borrower whose debt is being amortized. These loans will be made through a mechanism established at the central bank. To spread the amortization load, we are asking that these amortizations be relent on an eight-year basis with a 2 1/2 year grace period. Current LIBOR [London interbank offered rate] and prime spreads plus fees would apply to the new loans.

We have commenced the preparation of legal documentation to be used in this connection and drafts will be sent to all bank lenders to Brazil as soon as possible. Where security is now deemed to be insufficient to warrant further extension of credit to the same borrower, a guarantee of the republic or alternate borrowers will be available.

Short-Term Trade-Related Debt

Present total: $8.8 billion reflecting, as we said before, the financing of raw material imports and the pre-financing of Brazilian exports. We have received from the major short-term borrowers a list of their current lines. We are asking you to agree to continue these facilities. We shall be formalizing this request in a telex which we will be sending to all creditor banks shortly.

Money Market Lines

The foreign branches of Brazilian banks have been severely affected by the present uncertainties in the market. Those banks have always been managed very professionally, and Banco Central has always closely monitored their activities in cooperation with the central banks of the countries in which they operate.

All banks will be asked to renew all inter-bank lines to Brazilian banks and, if reductions occurred, to reestablish them at the level existing as of June 30, 1982. We shall be formalizing this request in our telex.

As you can see, our proposed approach to the market does not call for the classical structuring of syndicated loans or club deals. All of you will be asked to accept responsibility for making this program a success. There will be regional coordinators for each particular project and you can expect to receive an invitation to participate.

On behalf of Banco Central do Brasil, and for the projects 1 to 3, the director for international affairs will be coordinating those efforts, jointly with the following officials:

-- Mr Carlos Eduardo de Freitas, head of international operations department
-- Mr Gilberto Nobre, head of foreign capital registration department
-- Mr Anuar Kalil, head of exchange department

The director for the banking area will be coordinating Project 4, jointly with Mr Ary da Graca Lima, head of banking organization department.

As we mentioned previously, we will be telexing each of you setting forth the proposals we have outlined and asking for both your acceptance in principle of these proposals and your pro rata share participation in the 1983 new money financing. This pro rata share will be based on the Banco Central's record of your aggregate exposure as of June 30, 198[illegible].

Those banks which have provided bridge loans to the Banco Central may apply these loans to their pro rata share participations.

BETANCUR WILLING TO JOIN REGIONAL PEACE EFFORTS

PA061903 Madrid EFE in Spanish 2353 GMT 4 Jan 83

[Text] Bogota, 4 Jan (EFE) -- Colombian President Belisario Betancur today ratified his government's willingness to participate in any mediation that offers the possibility of peace in Central America and the Caribbean.

In a message sent to Nobel peace prize winners Alfonso Garcia Robles and Alva Myrdal, literature prize winner Gabriel Garcia Marquez and Swedish Prime Minister Olof Palme, Betancur says that there is no better formula than dialogue to achieve peace. Betancur notes that "our people and government are on the vanguard of the unending struggle to place development and culture at the service of a vast group of anxious and needy communities." He says: "Colombia is ready to participate with dignity in any mediation that offers the possibility of achieving and consolidating domestic and international peace, particularly in the Americas, and especially in Central America as it is closely linked to our destiny."

Likewise, in a letter to Nicaraguan Government Junta Coordinator Daniel Ortega, Betancur says that peaceful solutions to problems must be priority goals. Betancur says that "it is not only unjust but also dangerous to attempt to meet our greatest needs with formulas other than civilized and creative dialogue, which is what we need throughout our hemisphere."

MAS WON'T KILL GUERRILLAS WHO ACCEPT AMNESTY

PA070426 Bogota Cadena Radial Super in Spanish 0000 GMT 7 Jan 83

[Text] Popayan -- The mysterious and dangerous group Death to Kidnappers, MAS, today offered its support to the Colombian president's effort to pacify the country, but it declared war to the death on the communists. In a message sent to several media in this city, the MAS said that it respects the lives of the guerrillas who accepted the amnesty law, but it warned that it will be implacable against the communists who continue to take up weapons and against the communists who have infiltrated the national administration. The MAS message is signed by Commander (Gregorio 001). It includes a serious warning to the agrarian leaders affiliated with the Fanal [National Farmers Federation] because it views them as disrupting the peace in rural areas because of their hunger for land.

INCORA DISTRIBUTES LAND TO FORMER GUERRILLAS

PA061649 Bogota Emisoras CARACOL Network in Spanish 1215 GMT 6 Jan 83

[Text] Today the government will distribute the first 1,000 hectares of land to the guerrillas who accepted the amnesty law and laid down their arms. Incora [Colombian Agrarian Reform Institute] Director Ernesto Munoz Orozco will distribute the first property deeds to some 150 former guerrillas, who will be entitled to land near Florencia, capital of El Caqueta Department, between Valparaiso and La Solita.

Munoz Orozco said the government is thus complying with the objectives of the amnesty law, which are to benefit those who chose to return to normal activities.

The former guerrillas will also have access to credit for farming activities and machinery, technological advice and medical attention for themselves and their dependents.

SCHWALB: PERU WILL UPHOLD NONALIGNED POSITION

PY061616 Paris AFP in Spanish 2026 GMT 5 Jan 83

[Text] Lima, 5 Jan (AFP) -- Fernando Schwalb Lopez Aldana, the Peruvian prime and foreign minister, has said that Peru will continue to uphold a genuinely nonaligned position and that it will normalize relations with Cuba when the Cuban Government apologizes for the slanders [it issued against Peru].

Adding that Peru will continue to uphold a truly nonaligned position, Schwalb noted that this means maintaining a position equidistant from the poles of power in which the world is presently divided. He said that this is the position that the Peruvian Government has and will continue to uphold.

Regarding the normalization of diplomatic relations with Cuba, he said that this will take place when Cuba retracts the slanders it issued against Peru in April 1980 when 10,000 Cubans broke into the Peruvian Embassy in Havana. Schwalb noted that the Cuban Government issued harsh criticism [words indistinct] previous government which was on good terms with Cuba but this case does not merely concern criticism against a government but against an entire nation. Noting that he will study the background in this regard, Schwalb noted: "If something that should not have been said was said, then we shall request a retraction [words indistinct]"

Since the incident of April 1980, Peruvian-Cuban relations are maintained at the charge d'affaires level. Moreover, there are still about 10 refugees in the Peruvian Embassy in Havana.

HAVANA ON BELAUNDE'S 'FAULTY POLICIES'

PA061732 Havana in Quechua to Bolivia, Ecuador and Peru 2200 GMT 1 Jan 83

[Excerpts] Summarizing this year's news, we can easily say that misery and poverty still exist in Latin America; there have been few changes. However, we note an increase in the Latin Americans' struggle against Yankee imperialism, due to its dirty policy of meddling in the domestic affairs of many Latin American countries. We observe that Peru experienced a political-economic disaster at the end of the year. Belaunde Terry's faulty policies have left a trail of mistakes, the main result of which is the large foreign debt. The Peruvian people reacted firmly against the strong support for the great U.S. millionaire monopolies.

FURTHER REPORTAGE ON SHINING PATH ACTIONS

One Terrorist Captured, Another Escapes

PY061705 Lima Radio Union in Spanish 1130 GMT 6 Jan 83

[Text] The Civil Guard captured terrorist (Carlos Alberto Valencia Villegas), 26, while he was transporting a large amount of subversive literature from Lurin to Lima yesterday morning. The arrest was made near milestone [number indistinct] along the (?southern Pan-American) Highway. The terrorist was driving a pick-up truck [words indistinct] with license plate no (PQ-8356). He was accompanied by another terrorist named Mario, who managed to escape and hide out in the hills surrounding Villa del Salvador.

Two Persons Shot

PY061613 Lima Radio Union in Spanish 1130 GMT 6 Jan 83

[Text] At 2045 last night, three hooded invididuals shot, apparently without any motive, two pedestrians who were quietly walking along the 10th block of Lima Avenue in (Choquicao). This event was witnessed by several other terrified pedestrians. (Estefandio Quinto Surca) and (Luis Reguera Galino), both 31, were seriously injured by a barrage of bullets. Doctors of the (Santa Rosa) Hospital fear for (Luis Reguera Galino's) life.

Farm Owned by Nuns Raided

PY061426 Lima Radio Union in Spanish 1130 GMT 6 Jan 83

[Summary from poor reception] A report from Ayacucho states that it was learned yesterday that 25 terrorists, including 4 women, attacked a farm located 5 km from Huanta belonging to the Oblate Sisters of Perpetual Help. The attack took place 5 days ago. The terrorists threatened to return if any of the nuns reported the event to the police. They set fire to (?farm equipment) and fled, stealing supplies and 10 milk cows. The nuns, fearing the terrorists' threat did not report the event to the police.

66 People in Custody

PY062343 Paris AFP in Spanish 1755 GMT 6 Jan 83

[Excerpts] Lima, 6 Jan (AFP) -- Calm prevails in the capital of Ayacucho Department, where some 70 persons have been arrested in the wake of the Peruvian Army operations against the extremist group Shining Path, it was reported here today.

Contrary to what was feared, no bloody repression has taken place thus far, in keeping with assurances given by President Fernando Belaunde that there would be no excesses in the antisubversive war and that the armed forces, which were sent to that area southeast of Lima on 29 December in order to pacify it, will respect human rights.

Meanwhile, the Ayacucho Political-Military Command has announced that 62 men and 4 women have been arrested in the emergency zone. Reliable souces reported that these detainees are the remainder of the 150 people originally picked up in the area.

After explaining that the corresponding legal procedures are being followed in order to hand them over to the courts, the sources reported that the detainees are charged with murder, terrorist actions, sabotage and propaganda in favor of armed struggle. The same source also explained that the army and the police have seized dynamite, home-made bombs, equipment, uniforms, communist flags and mouch subversive propaganda material. It was also reported that the number of attacks in the city of Ayacucho has decreased substantially and that at night, when the curfew is in force, calm prevails, a situation that contrasts sharply with the shooting and explosions of recent days.

It was also learned that the Shining Path group, which advocates the extension of the struggle to the cities, staged two attacks in order to gather food in recent days. In Huanta, they attacked the Oblate Sisters of Perpetual Help. The terrorists, some 25 men and women, burned mattresses and domestic appliances and fled with food, eight prize cows, some sheep and fowl.

NONALIGNED MEETING DELEGATION ANNOUNCED

FL062310 Mexico City NOTIMEX in Spanish 2150 GMT 6 Jan 83

[Text] Mexico City, 6 Jan (NOTIMEX) -- The Mexican delegation to the upcoming meeting of the Nonaligned Movement Coordinating Bureau will be headed by Victor Flores Olea, undersecretary of the Foreign Secretariat's Multilateral Affairs Section, the official announcement stated.

The Foreign Secretariat stated that Mexico will attend the meeting slated to be held [10-] 14 January in Managua, Nicaragua, as an observer. The board of the Coordinating Bureau will establish the agenda of the Nonaligned Movement summit due to be held in March in New Delhi, India.

The Mexican delegation will also include Augusto Gomez Villanueva, Mexican ambassador to Nicaragua; Jorge Montano, director in chief of the Foreign Ministry's Multilateral Affairs Section; and Gustavo Alibi Santos, deputy director of Trade Negotiations and Integration Processes.

EEC PRESIDENT ARRIVES ON OFFICIAL VISIT

FL061450 Mexico City NOTIMEX in Spanish 0635 GMT 6 Jan 83

[Text] Mexico, 5 Jan (NOTIMEX) -- EEC President Gaston Thorn arrived in Mexico tonight, offering full solidarity and support to the country in overcoming its current problems.

Beginning his 5-day official visit, he said that there is full confidence in the measures implemented by the government of Miguel de la Madrid to face the crisis.

The problems facing the current government are not unfamiliar to us and we want to express our solidarity, said Thorn upon arriving at the airport where he was met by Secretary of Foreign Relations Bernardo Sepulveda Amor.

He also said that the EEC particularly wants the kind of support Mexico needs. He added that the EEC has modest resources to [words indistinct] but as a whole the 10 EEC members have significant capacity to provide aid. He also recalled that an agreement with Mexico is still in effect.

Thorn will meet with President Miguel de la Madrid next Friday. He is also going to meet with the secretaries of finance and public credit; energy, mines and semi-state industries; commerce and industrial development; and foreign relations during his stay in Mexico.

Holds Talks With Secretaries

FL062255 Mexico City NOTIMEX in Spanish 2200 GMT 6 Jan 83

[Excerpt] Mexico City, 6 Jan (NOTIMEX) -- The president of the EEC Executive Commission, Gaston Thorn, met today with Mexico's state secretaries to discuss trade relations, Mexico's foreign debt and oil.

Thorn arrived here yesterday to pay an official 36-hour visit to Mexico and this afternoon met with Jesus Silva Herzog, secretary of finance and public credit; Hector Hernandez Cervantes, secretary of commerce and industrial development; Francisco Labastida Ochoa, secretary of energy, mines and semistate industry; and Bernardo Sepulveda Amor, secretary of foreign relations.

EEC documents indicated that Mexico imported goods amounting to nearly $1.17 billion and exported only $830 million to EEC countries.

The documents added that Thorn's visit is aimed at balancing trade, particularly in the automotive industry, and stated that 80 percent of Mexican goods may be exported to Europe without having to pay tariffs and under the general preference system.

The European continent is facing oil supply problems and is interested in increasing Mexican oil imports, the documents revealed.

European banks are deeply involved in Mexico's foreign debt and Thorn met with Jesus Silva Herzog to discuss that subject.

98.8-PERCENT INFLATION RATE RECORDED IN 1982

PA070428 Mexico City International Service in Spanish 0200 GMT 7 Jan 83

[Text] The Bank of Mexico reported today that during 1982 the inflation rate reached 98.8 percent, the highest ever in the country's economic history. The bank said that in the month of December alone the national consumer price index registered an increase of 10.7 percent over November prices. In a report released today, the Bank of Mexico said that consumer prices were affected by increases in the prices of gasoline, telephone rates, public transportation and certain foodstuffs.

Hikes in the prices of cooking gas, restaurant and laundry services, clothing, shoes and lubricants also contributed to the high inflation registered in December.

The Bank of Mexico also reported that the cities with the sharpest increase in prices were Ciudad Juarez, Tapachula and Monterrey, and the ones with the lowest increases were Culiacan, Puebla and Cordoba.

COLUMNIST TERMS PRESIDENT'S SPEECH 'SUPERFICIAL'

PA061857 Panama City LA PRENSA in Spanish 6 Jan 83 p 1A

["As of Today" column]

[Text] The media's excessive praise for the president's message contrasts markedly with the message's limited contents, for it lacked the long-delayed definition of specific economic policies that is so urgently needed; particularly as the absence of such policies is in good part the cause of our country's grave recession.

The announcements of administrative austerity that are reiterated year after year by an endless succession of presidents with no authority and generals with too much power have failed to produce the necessary effects, because the theoretical restrictions on public expenditures do not apply to the improvisations and squandering of the real usurpers of power.

The brief reference to the problems that affect the judicial branch failed to explain the delay in the promulgation of a new judicial code, without which it will be impossible to organize the judiciary and to renovate its administration; tasks described by the president himself as an urgent priority.

Aside from the mention of the establishment of an infrastructure for public services, the president made no reference to effective use of the huge areas that have reverted, the rational and productive use of which is so urgently necessary.

On foreign policy, we are promised the "same independent position," a euphemism that experience has proven serves only as a cover for all kinds of regrettable acts of intervention in other states' internal affairs.

The message contained no refference at all to the institutional crisis that is largely responsible for the nations's ills. All in all, without doubting the good intentions that inspired it, we consider the message both superficial and insufficient,

On foreign policy, we are promised the "same independent position," a euphemism that experience at all to the institutional crisis that is largely responsible for the nation's ills. All in all, without doubting the good intentions that inspired it, we consider the message both superficial and insufficient.

ATTORNEY GENERAL ON SOCIAL SECURITY FUND CASE

PA052207 Panama City Circuito RPC Television in Spanish 2300 GMT 4 Jan 83

[Interview with Attorney General Rafael Rodriguez by Julio Miller; no date or place given -- recorded]

[Excerpts] [Question] Mr Attorney General, the Social Security Fund case has brought with it a series of charges and countercharges that threaten to tarnish reputations. What is the opinion of the Attorney General's Office?

[Answer] I listened to several radio stations this morning and decided to turn the radio off because it was like a circus. One lawyer spoke, another one spoke, and then another. I believe that cases are not defended or made in any paper nor on radio or television. Obviously, the defense lawyers will never admit their clients' responsbility and so it should be.

Regarding public charges lodged against Luis Alberto Arias [present Social Security Fund director], I want to say the following: In the moments of joy or distress that I have had in life, if I have ever come to respect anyone, it is the director of the Social Security Fund. I say this publicly. I do not care about his past actions. I am only interested in how he is acting now. He is courageous and completely honest.

On a local radio station it was said that only the Consultative Board of the Social Security Fund could send evidence to the Attorney General's Office. I want to state publicly that if any official knows that a crime has been committed and does not report it, that official is guilty of the crime of protecting criminals.

I beg anyone who feels the need to question the Attorney General's actions to do so through the courts. Whether the decision is favorable or not, we will have the courage to face and accept the decision, even if we have to bite our tongues. I have lost a lot of faith in this case and sometimes think that despite the effort we have made, justice will not prevail and the case will not end as it should. However, my office will fulfill its duty and be true to its conscience, even if we have to step on a few toes.

[Question] Why do you say that it will not end as it should?

[Answer] Miller, I am going to answer you sincerely. Sometimes I think that justice will not be done in this case, that everyone will be absolved and cleared. We will fight for our position but we are going to respect the decision as long as I am part of the Attorney General's Office. Sometimes I wish that time would move faster so that I could leave this position which I came to occupy accidentally.

In this respect, following a recommendation from General Paredes, I have tried to make a mid-course correction and move ahead, but the struggle has not been easy. It is hard, sometimes difficult, but we are moving on toward the objective and paying a fairly heavy psychological and spiritual price.

BRIEFS

GROWTH OF MERCHANT MARINE -- According to the General Directorate of Consulates and Ships [Direccion General Consular y de Naves -- Secnaves] of the Finance Ministry, Panama's Merchant marine grew by close to 7 million gross tons in 1982. It now ranks third in the world, trailing only Liberia and Greece. Secnaves added that 11,178 ships with a gross tonnage of 40.2 million are now registered under the Panamanian flag. [Panama City CRITICA in Spanish 3 Jan 83 pp 1, 16 PA]

DOMINICAN, PERUVIAN, NETHERLANDS ENVOYS -- Three new ambassadors presented their credentials before President Ricardo de la Espriella in the Yellow Room of the Presidential Palace yesterday. They are: Magda Mejia de Marrero from the Dominican Republic, Victor Augusto Salamanca from Peru and Jan Willem Bertens from the Netherlands. [Panama City MATUTINO in Spanish 6 Jan 83 p 9-A PA]

BELIZE

GOVERNMENT SAYS TALKS SET WITH GUATEMALA, UK

FL070215 Belize City Domestic Service in English 0000 GMT 7 Jan 83

[Text] Belize and Guatemala are to hold talks on the long-standing dispute between both countries. A release from the prime minister's office today said that Belize has agreed to meet the British and Guatemalans in late January. The release adds that Belize will endeavor to explore the possibilities of finding a solution to the long-standing dispute with Guatemala.

PRICE OUTLINES 'MIDDLE-OF-ROAD' FOREIGN POLICY

FL070240 Bridgetown CANA in English 1747 GMT 6 Jan 83

[Text] Belmopan, Belize, Jan CANA -- Newly independent Belize will follow a middle-of-the-road foreign policy, Prime Minister George Price has said.

Events in the last three months -- an early October meetirg here of major political parties from the region, the signing of the Law of the Sea Convention in Jamaica last December, and the signing of a major loan agreement with the United States the same month -- underscored the common sense of such an approach, Mr Price said in a radio broadcast to Belizeans this week.

A middle-of-the-road foreign policy held tremendous potential for advancing the best interest of an independent Belize, the prime minister remarked. Belize gained political independence from Britain in September 1981.

Mr Price said the meeting of political parties of the region which was held in Belize City had given Belize unconditional support for its independence, sovereignty and territorial integrity. "This," he said, "is important as we work to consolidate our status in the world."

The prime minister also said the signing of the Law of the Sea Convention in Jamaica allowed Belize to "stake its claim to its continental shelf and its patrimonial sea and their resources." This, said Mr Price, would give Belize jurisdiction over 350 miles of the continental shelf and an extension of 200 miles of exclusive economic zone when the convention has been ratified by the United Nations.

Belize has signed an agreement with the United States Agency for International Development (USAID) for low-interest, long-term loans of 9.5 million Belize dollars (1 Belize dollar; 49 cents U.S.) which is to be received this year as a part of President Reagan's Caribbean Basin Initiative (CBI). The prime minister of Belize said that this agreement would add to Belize's economic development cooperation programme with the United States.

He also said his government would continue to pump money into programmes for the improvement of public services and utilities, would build more schools, homes and factories, and put more land into farming.

The government would also continue to adhere to the right of peoples to self-determination, to non-interference in the internal affairs of other states, non-intervention, the respect for the rights of others, and the non-use of force in the settlement of international disputes, Mr Price promised.

COSTA RICA

MINISTRY REPORTS ARREST OF DIPLOMATS IN MANAGUA

PA061244 San Jose Radio Reloj in Spanish 0100 GMT 6 Jan 83

[Text] The Costa Rican Foreign Ministry has confirmed that Commander Humberto Ortega's bodyguards arrested Gilberto Gonzalez, Costa Rican consul to Managua, and Victor Monge, chief of the Costa Rican Foreign Ministry consular section.

The Costa Rican diplomats went to Commander Ortega's home to deliver a note signed by Judge (Juan Quintero Velasco) of the Puntarenas First Civil and Labor Court. They were both arrested and verbally abused by Commander Ortega's bodyguards.

A Foreign Ministry spokesman said that Gonzalez has the rank of minister counsellor at the embassy and therefore enjoys diplomatic immunity. The ministry adds that his arrest and other offenses against his person will be considered another Nicaraguan attack on Costa Rica.

The bodyguards not only arrested the Costa Rican diplomats but also took the papers, threw them to the floor and stamped on them, the Foreign Ministry reported.

The same spokesman said the bodyguards threatened our diplomats with machineguns while they were delivering an official note from the Costa Rican Justice Department concerning Humberto Ortega's participation in the murder of Jose Joaquin Jimenez Rodriguez, a Costa Rican civil guard, killed on 23 December 1969 during a guerrilla commando operation to free Carlos Fonseca Amador from prison.

Jesus Fernandez, Costa Rican ambassador to Nicaragua, has been instructed to lodge a formal protest with the Nicaraguan Foreign Ministry. The Foreign Ministry spokesman said the Costa Rican authorities do not wish to make a big issue of it, but that nevertheless, the Nicaraguan authorities should be formally notified that another violation has been committed against Costa Rican officials on an official mission for the Costa Rican Justice Department.

Volio Protests Detention

PA070327 Panama City ACAN in Spanish 2326 GMT 6 Jan 83

[Excerpts] San Jose, 6 Jan (ACAN-EFE) -- Costa Rican Foreign Minister Fernando Volio today lodged a protest with the Nicaraguan Government over the arrest of two Costa Rican diplomats in Managua.

Gilberto Gonzalez Castro, the Costa Rican consul in Managua, and Victor Manuel Monge, chief of the Foreign Ministry's consular department who was visiting in Managua, were arrested by Sandinist army soldiers and threatened outside the home of Commander Humberto Ortega Saavedra. The Costa Rican officials were on a legal mission in connection with a suit filed against Ortega Saavedra for a guerrilla action perpetrated in Costa Rica in 1969.

On that occasion, Ortega Saavedra led an incursion against the jail in Alajuela, 20 km from San Jose, to free Sandinist leader Carlos Fonseca Amador, who later died in combat in Nicaragua. A Costa Rican civil guard was killed during the jailbreak led by Ortega Saavedra.

The Costa Rican civil guard, Jose Joaquin Jimenez Rodriguez, was killed on 23 December 1969, and Ortega Saavedra was sentenced to 16 years imprisonment, which he did not serve because he fled Costa Rica. President Rodrigo Carazo pardoned Ortega Saavedra in 1980 against the wishes of the Costa Rican Supreme Court. Jimenez' widow then filed a civil suit against Ortega for 10 million colones ($250,000).

Gonzalez and Monge were arrested by the Sandinist authorities as they were trying to notify Ortega of a decision made by the court of Puntarenas, where the suit is being tried.

The incident ended after several minutes during which the Costa Ricans were surrounded by Nicaraguan soldiers. They were released but not allowed to serve the papers.

Fernando Volio said that Jesus Fernandez, the Costa Rican ambassador in Managua, was instructed to notify the Sandinist regime of the displeasure of the Costa Rican Government. Volio also called Rogelio Ramirez Mercado, the Nicaraguan ambassador in San Jose, to his office and told him of his displeasure.

SECURITY MINISTER TOURS ISRAEL, EUROPE, U.S.

PA060443 Paris AFP in Spanish 2342 GMT 5 Jan 83

[Text] San Jose, 5 Jan (AFP) -- Angel Edmundo Solano, Costa Rican public security minister, has started a tour of Israel, several European countries and the United States with the purpose of strengthening Costa Rica's ties with the governments of these nations.

Solano Calderon accepted an invitation extended by the Israeli Government. According to ministerial sources, he will use this visit to strengthen the police training programs that Israel offers Costa Rican officers.

Minister Solano will then travel to Romania and from there to Italy where he will meet with Pope John Paul II. The pope will visit Costa Rica in late February as part of his tour to Central America and Haiti.

Solano Calderon will also visit Spain where he plans to meet with Felipe Gonzalez, head of the Spanish Government. From Spain he will travel to Washington. The Costa Rican public security minister's trip will last approximately 2 weeks.

EL SALVADOR

REGIONAL COMMANDER REBELS; DEMANDS GARCIA OUSTER

LD071040 Madrid Domestic Service in Spanish 0700 GMT 7 Jan 83

[Text] On the international scene, here is an important piece of news, which we received a few minutes before the beginning of this bulletin, and which is datelined El Salvador. A report from Luis Garmat:

A dispatch just in from the EFE agency and another previous dispatch from AFP say that the military command in Cabanas in El Salvador has rebelled. Last night, the military command of the Salvadoran Department of Cabanas rebelled against the Ministry of Defense to prevent its commander from being relieved of his post. In statements over the phone last night to the EFE agency, the commander in Cabanas, Lt Col (Seutricio) Ochoa Perez, said that he is demanding the resignation of the minister of defense, Gen Jose Guillermo Garcia, whom he accuses of being the strong man of the regime and of becoming a little Pinochet -- these were his words. Ochoa Perez said that he has the support of 1,200 soldiers and expects backing from other units in the country and from the other branches of the Salvadoran Armed Forces. The lieutenant colonel said that an armed forces order of 31 December stipulated that he be transferred to the post of military attache at the Salvadoran Embassy in Paraguay, a decision which, he said, was made because he had managed to integrate himself with the people of Cabanas.

Ochoa Perez said that his unit has cut off radio and telephone communication with the commanders in the capital and that his forces occupy the whole of the territory of Cabanas and await the resignation of General Garcia. Cabanas is in the central northern region of El Salvador and has more than 170,000 inhabitants.

Up to now the government has not made an official comment on the rebellion by the Cabanas unit.

POLICE ARREST SISTERS FOR 'GUERRILLA LIAISON'

PA070402 Panama City ACAN in Spanish 2344 GMT 6 Jan 83

[Text] San Salvador, 6 Jan (ACAN-EFE) -- The Salvadoran Treasury Police today admitted that they yesterday captured two girls, 15 and 17 years old, whom they accused of being liaison for the guerrillas. Beatriz and Cristina Alcaine Herrera, who arrived in El Salvador on 24 December 1982 from Mexico, had planned to return to Mexico yesterday, the day on which they were kidnapped by a group of heavily armed civilians who did not identify themselves.

According to a communique released by the Treasury Police, there is "strong suspicion that the sisters acted as liaison for the Revolutionary Democratic Front [FDR] and the FMLN." The note added that the sisters lived in Mexico City with their mother who, according to the Treasury Police, is "in charge of the FDR-FMLN political information commission at the highest level."

A military spokesman said that Cristina, 15, will be returned to her parents on an unspecified date. Beatriz will be turned over to a military instruction court "for working in collaboration with the subversion," the source added. The relatives of Beatriz and Cristina in San Salvador were told of the Treasury Police's accusations when ACAN-EFE called them by telephone, but they refused to make a statement until they had studied the charges.

HAVANA REPORTS HEAVY ARMY CASUALTIES IN CLASHES

PA062003 Havana International Service in Spanish 1600 GMT 6 Jan 83

[Text] The Salvadoran Army suffered heavy casualties when FMLN forces attacked the command post at Ayutepeque, on the outskirts of San Salvador, while fierce fighting was also reported in the community of El Paisnal, 39 km north of the Salvadoran capital. The FMLN guerrilla forces also attacked the military outposts in the capital of Usulutan, while other clashes were reported in the Department of Chalatenango and Morazan.

In the central part of the country, 10 national guardsmen were killed in a rebel ambush, while a large sector of the eastern part of the country was again left without electricity because several high-tension towers were sabotaged.

RADIO VENCEREMOS REPORTS ON FMLN ACTIONS

Paracentral Front

PA061528 (Clandestine) Radio Venceremos in Spanish to El Salvador 0230 GMT 5 Jan 83

[War bulletin from the FMLN's Paracentral Anastasio Aquino Front in San Vicente, El Salvador, no date given -- read by announcer]

[Text] At 1000 on 2 January, FMLN units ambushed a National Guard patrol on the road from Tecoluca to Zacatecoluca, 900 meters from the CEL [Lempa River Hydroelectric Executive Commission].

As a result of this action, seven national guardsmen and their two guides were killed. Corporal (Martinez Diaz) and Lt (Luis Alonso Navarrete) were among the national guardsmen killed. Five G-3 rifles, a 9-mm pistol, six G-3 grenades and other war supplies were seized during this operation.

While this ambush was being laid, FMLN forces simultaneously attacked the enemy post at the CEL. The dictatorship's forces tried to reinforce their ambushed elements but the reinforcements were also ambushed by our units, near Hacienda (Aguacaliente). Thus, the enemy sustained an additional four casualties. For our part, we must deplore the heroic fall of Companero (Evaristo). Three other companeros were injured. [Singed] Commander Douglas

1982 Achievements Cited

PA061606 (Clandestine) Radio Venceremos in Spanish to El Salvador 0230 GMT 6 Jan 83

[Text] In the first few days of this year, a debate about the real military situation in our country has begun between the U.S. State Department and the influential newspaper the WASHINGTON POST. They are debating as to who maintains superiority in the confrontation between the FMLN and the dictatorship's forces.

This debate is not accidental, much less isolated. It is related to the Reagan administration's effort to justify the continuation of its military aid to the army for the next 6 months of 1983. They are very worried about the forthcoming certification by Congress, because they know that it could conclude that there is nothing more senseless then helping an army that is both bankrupt and losing the war.

Several U.S. congressmen are convinced that there is nothing more dangerous and condemnable than to supply bullets, bombs, rifles and airplanes to an army that violates the human rights of its own people.

In mid-1982, an army officer told a San Salvador newspaper that were the United States to cut off military aid, the army would be immediately defeated. In his words, it would be equivalent to being blindfolded, tied and forced to kneel before the execution wall in their own backyard.

Alarmed by this prospect, Flores Lima and General Garcia hurried to release figures and data that would indicate that their situation is not as bad as is being said. They made a mistake, however. They said that things had not gone so badly and that they had only sustained 1,300 dead and 2,500 wounded in 1982. In other words, they sustained 3,840 [figure as heard] casualties in the space of only a year. If these gentlemen know anything about mathematics, they must realize that this represents more than 12 percent of their troops. And if they ever learned anything from their military studies and if they have not yet forgotten what they learned, they must also realize that an army that has gradually reached that percentage in human losses is condemned to disaster.

In its battles with our forces last year, the army lost 1,399 rifles, mortars and support weapons and hundreds of thousands of cartridges. Meanwhile, they had the nerve to say that our forces had not increased. We invite these gentlemen in the high command to come to the zones under our control and to take a look at all of those weapons in the hands of our hundreds of militiamen and fighters. We promise them that we will soon show them that we have them in our power. Our numbers have indeed increased, and we know how to make excellent use of those weapons.

How can General Garcia not feel shame when declaring that they are not in any real trouble, given that we released 350 prisoners of war last year? What a shame that they have forgotten that we still hold the second most important man in their hierarchy, Colonel Castillo, the under secretary of defense! Or is it that they have already abandoned him?

Here's another question: If they aren't losing the war, why did they add 11 million colones to the government's military budget instead of allocating that money to the people's health or education areas, whose budgets have been reduced? Let it be clearly understood that we are not the only ones saying that we are winning the war. Lt Col John Buchanan, a retired U.S. officer who is currently director of an important strategic studies institute, said a few months ago that the FMLN maintains superiority over the army in applying the principles of tactical combat, in communications and military intelligence and particularly in its morale.

Much closer to home, they need only ask the residents of the towns that were seized by our forces, which dislodged the enemy and put them to flight. We already exercise control over some 20 towns, and their residents know who is really losing the war.

Garcia and Flores Lima continue to say that they are not losing the war. For our part, we could continue to give figures and data that reveal the crisis and growing deterioration in the army's military situation, but this really isn't necessary. We would rather speak with actions than words. We are sure that the fascists clearly understand the language of our military victories. He who lives by the sword, dies by the sword. So the war goes on. Big and important battles are coming. We will obtain new and resounding victories. Let Flores Lima prepare to defend himself with whatever he can, or try to (?use) his lies in the face of our victories. The only sure thing is that the people's victory is near.

GUATEMALA

RIOS MONTT COMMENTS ON STATE OF SIEGE, ELECTIONS

PA070033 Panama City ACAN in Spanish 2239 GMT 6 Jan 83

[Text] Guatemala City, 6 Jan (ACAN-EFE) -- Guatemalan President Efrain Rios Montt insisted today that the government has "every intention" of ending the state of siege on 23 March "if the country's situation continues as it is now." During a news conference held at the Presidential House, General Rios Montt said that 23 March will mark the beginning of a political opening that will lead to a constituent assembly and to "runoff" presidential elections, unless a winner is elected by absolute majority in the first round.

Rios Montt reaffirmed his decision for all political parties, including the communist party, to participate in the political activity. All political parties will participate in the first round of the general elections, without alliances. If no one wins by absolute majority, the various factions may form alliances.

Rios Montt said that the government is working arduously to achieve all the bases to guarantee the democratic process after the announced political opening. The state of siege was declared in Guatemala in July 1982.

More on News Conference

PA070411 Guatemala City PRENSA LIBRE in Spanish 6 Jan 83 p 11

[Excerpts] In a news conference yesterday, President Rios Montt said that the government wants the state of siege to be lifted on 23 March in order to begin a new phase of constitutionality in the country.

The president met with the directors of the main Guatemalan news media, and he announced that he wants to hold such meetings more often to talk about the country's main problems with the members of the fourth estate.

He said that on 23 March the announced political opening will begin. He added that it will lead to the convening of a constituent assembly, and after this to presidential elections that will be held in "two rounds" if in the first election there is no winner with an absolute majority. He reiterated his decision to permit parties of all ideologies, including the communists, to participate in the political activity so that they can show their real popularity.

In the first round, all the parties will participate without alliances. If no candidate obtains an absolute majority, the parties that obtain more than a specific percentage of the votes can participate -- in alliances if they so desire -- in the runoff.

Information Reorganization

The president said that beginning in February the government's information system will be reorganized so that it will be more efficient. No president, he said, has spent more time with foreign journalists. I have had clashes with some of them due to my temperament, which sometimes reacts to some attitudes, but we do want to improve relations with the national and foreign news media.

Regarding the Devaluation

He reiterated that there will be no devaluation in Guatemala. I agree with those who say that many would like a devaluation because in this way we could pay our domestic debts in quetzales with less money. Since Guatemala has little foreign debt, it can withstand the pressures to devalue or float its currency.

I know I have said it many times, but I will say it again. There will be no devaluation in Guatemala, There are pressures for more taxes, but what more can we tax? With the limitations that we have imposed on luxury goods, we will prevent what occurred to Mexico from happening to us.

HONDURAN PRESIDENT VISIT SLATED FOR 12 JAN

PY070218 Buenos Aires LATIN in Spanish 0129 GMT 7 Jan 83

[Excerpt] Guatemala, 6 Jan (LATIN-REUTER) -- President Efrain Rios Montt said here today that Honduran President Roberto Suazo Cordova will pay an official visit to Guatemala on next 12 January. The Guatemalan president said that Suazo Cordova will come to Guatemala to discuss matters of bilateral interest. He also said that the day of the arrival of Salvadoran President Alvaro Magana will soon be confirmed.

DEFENSE MINISTER ON ARMS PURCHASES, SUBVERSION

PA061508 Guatemala City Radio-Television Guatemala in Spanish 0400 GMT 5 Jan 83

[Report on interview with Defense Minister Oscar Mejia Victores on 4 January; place not given -- recorded]

[Text] Defense Minister Oscar Mejia Victores said in an interview today that the United States is not the only market that Guatemala can tap to buy weapons. Initially, he explained the kind of weapons the army needs:

[Begin Mejia Victores recording] Most important, we have been requesting small light-caliber weapons and spare parts for our helicopters.

When reference is made to arms sales, it sounds as if we are trying to buy the most sophisticated weapons, but this is not what Guatemala needs. Guatemala only needs weapons to guarantee its internal security.

I'll draw a comparison: The United States is like a large bank from which we would be requesting credit. So we put in our application. If we get the credit, fine; if not, we must look elsewhere for what we need.

All U.S. politicians make a big propaganda issue about whether or not they will give this or that, which is what the two normally-conflicting parties in the government do. In the end, they come out and say they will give this or they will not give that. This is where we stand right now. We don't want them to give us these things right away. We think we can still hold out for (?quite a while). [end recording]

The defense minister then announced that the Guatemalan army will soon have an ammunition factory: [Begin recording] [Mejia Victores] We're almost in the final stage of installing equipment that will be used to manufacture ammunition.

[Question] How much would the Defense Ministry save in this manner?

[Answer] Perhaps we won't be saving much, but we will be preventing the flight of foreign exchange that would take place if we continued to buy our ammunition abroad. [end recording]

Finally, the defense minister said that for the first time in Guatemala's history, other state institutions truly support the army in its efforts to preserve the country's security.

[Begin Mejia Victores recording] In the past, prior to 23 March, only the army fought subversion, waging a war as if we were two different countries, one on each side. But after 23 March, with the implementation of the new government's policy, everyone in the government must participate. The army is no longer exclusively responsible. Hence the progress achieved in only 9 months, since the banner was taken from the army; or rather, since the army seized the banner, so that the entire government could endorse it and we could all fight subversion. This is what we have been doing, using our own means and our own people, without any kind of aid. [end recording]

ARMY CHIEF OF STAFF ON UNITY OF MILITARY

PA062149 Guatemala City PRENSA LIBRE in Spanish 30 Dec 82 p 2

[Text] Army Chief of Staff Gen Hector Mario Lopez Fuentes yesterday said that "the Guatemalan Army is fully aware of the need for unity, and therefore it discards the possibility that any of its members may think about a countercoup aimed at changing what is being done now."

General Lopez Fuentes said: "In addition, they are aware of the need to solve many problems and difficulties on which only the army can act. Proof of this is the discipline and desire to work as a team and to maintain the peace, security and harmony of the people."

"The attempts to organize a countercoup were never successful because there is no lack of harmony among the army's officers and commanders. Quite the contrary, they have all stated their loyalty and harmony, which are essential to the army as an institution."

"The movement of troops observed around the Presidential Palace and residence last Tuesday night was due to a routine exercise demanded by security provisions, but it would not be unusual for someone to speculate about another army coup."

The chief of the general staff said: "As you know, gentlemen of the press, any type of military exercise in the capital has always been misinterpreted, so it would be surprising if routine movements, programmed to keep in good shape the members of the military -- especially those in charge of Presidential Palace and residence security -- proved to be the exception."

"The exercise was held because the army must be prepared for any eventuality, whether caused by private citizens or of some other kind," said Gen Lopez Fuentes in a statement made yesterday at his office.

FRENCH AID GROUP ALLEGES ARMY MASSACRE IN VILLAGE

NC062129 Paris AFP in English 2110 GMT 6 Jan 83

[Text] Paris, Jan 7 (AFP) -- Nearly all 348 inhabitants of a Guatemalan village rebuilt with French and West German aid after the disastrous 1976 earthquake have been massacred by the army, a French charitable society which worked in the village reported. According to the paper of the Operation Esperanza Society, basing its information on reports from refugees, the village of Xiquin Senahi, situated some 50 kms (30 miles) west of Guatemala City and two neighbouring hamlets Paquixic and Paraxaj have been razed to the ground.

Different sources said the massacres began when the military landed by helicopter in Xiquin Senahi in April 1981 and shot up dozens of villagers, including the community leader.

The sources said that in September of that year a pitched battle between people disguised as peasants and others disguised as army men raged in the village and many women and children were killed in crossfire.

The total destruction of the village occured in April 1982. Those killed were burnt and buried in common graves. The French aid society said there were less than 10 survivors of the 348 people registered by the charity in 1977.

SUBVERSIVES' LEADER SURRENDERS TO AUTHORITIES

PA070306 Guatemala City Radio-Television Guatemala in Spanish 0400 GMT 6 Jan 83

[Text] Government security forces have taken into custody one of several persons accused of being leaders of the subversion, whose photographs have been published in newspapers and broadcast on television by the National Security Council. The subversive is (Marta Regina Toc), known as Commander (Maria) within the ranks of the clandestine Armed Peoples Revolutionary Organization, ORPA. She is being held at the military base in Santa Ana Berlin, Coatepeque.

According to reports, Commander (Maria) surrendered in Coatepeque sometime between 13 and 15 December, and she is making calls via radio for her companeros to put down their weapons.

It was officially announced in a military communique that nine subversives were killed by the army during two clashes yesterday and today in the capital city of the El Quiche Department. Residents of (Santa Bal) village, Santa Cruz del Quiche municipality, said that yesterday afternoon a group of subversives was detected by a military patrol. Five subversives were killed in the resulting clash. (Pedro Camil Graves), alias Commander (Emanuel), was identified among the dead subversives. During the search operation that followed, the patrol found large amounts of ammunition, Claymore mines, homemade grenades, communist propaganda and important documents.

It was also learned that a military patrol has clashed with subversives in Chajbal, Santa Cruz del Quiche municipality. Four more subversives were killed during this action. The dead rebels were not identified because they had no documents. The military communique added that during this action the weapons carried by the rebels were recovered, as well as ammunition and backpacks containing food and medications.

HONDURAS

AID REPORTED THREATENED BY U.S. COMPANY'S ACTION

PA062344 Tegucigalpa Voz de Honduras Network in Spanish 1145 GMT 6 Jan 83

[By Andres Torres]

[Excerpt] U.S. aid to Honduras is seriously threatened by the problem that has emerged between the National Port Enterprise and the Construction Aggregates Corporation, which was in charge of the work in Puerto Castilla. The corporation abandoned the project when it had only done 35 percent of the work and had spent more than 50 percent of the total amount of the contract.

According to our own investigations, the Construction Aggregates Corporation, which had used up the 2-year period established in the contract for the project but had not even finished 50 percent of the work, left Honduras claiming nonpayment, when it had already withdrawn more than half of the amount of the contract for doing only 35 percent of the work.

When the company abandoned Honduras without fulfilling the labor obligations, the workers of the company filed a suit before the common courts, which ordered the auction of the machinery and equipment of the Construction Aggregates Corporation. This auction produced about 135,000 lempiras, with which the social benefits were paid.

Now it seems that the U.S. company is claiming that what occurred was a confiscation of its property in Honduras, and it is arguing that the machinery and equipment was worth $5.6 million. Using the word confiscation, the company has gone to the U.S. House and Senate, which have apparently ordered that $80 million approved for Honduras in 1983 from international organizations in which the United States is the biggest contributor should not be disbursed until the Honduran Government has complied with the decision of an arbitration commission that ordered the National Port Enterprise to pay $5.5 million to the Construction Aggregates Corporation. The basic grains program is among the many important programs included in that $80 million. This shows us that although the 20th century is almost over, the big stick policy has not disappeared from U.S. diplomacy.

NICARAGUA

MINISTRY ANNOUNCES VISIT OF U.S. OFFICERS

PA060423 Managua Domestic Service in Spanish 0300 GMT 6 Jan 83

[Text] Today the Nicaraguan Defense Ministry issued a press communique announcing the visit to this country of a high-ranking U.S. Army intelligence officer. The official communique states: The Defense Ministry announces that on 5 and 6 January Maj Gen William E. Odom, assistant chief of staff for intelligence, will be in Nicaragua. General Odom has been assistant attache in the USSR and military attache to the U.S. President's assistant on national security affairs. General Odom is accompanied by Col (Dale E. Bollert), U.S. Military attache in Honduras; Lt Col (Henry Nevares), G-2 General Staff officer for Latin American affairs; and Maj (David F. Young), Southern Command intelligence officer.

Havana Cites Visit

PA062009 Havana International Service in Spanish 1600 GMT 6 Jan 83

[Text] U.S. Maj Gen William Odom, assistant chief of staff for intelligence, is in Managua at the head of a military delegation. He was greeted in the Nicaraguan capital by Capt Roberto Sanchez, chief of the Defense Ministry's public and foreign relations section.

General Odom is the highest-ranking U.S. Army officer to visit Nicaragua since the 19 July 1979 revolutionary victory.

STATION CRITICIZES U.S. NOTE TO ARGENTINA

PA061451 Managua Radio Sandino in Spanish 1830 GMT 5 Jan 83

[Text] Demonstrating the lack of seriousness and coherence in U.S. foreign policy -- a conduct that has been criticized by many U.S. political commentators, including James Reston of the NEW YORK TIMES -- Harry Schlaudeman, the Yankee ambassador in Argentine, delivered a diplomatic note to Argentine Foreign Minister Juan Ramon Aguirre Lanari yesterday in which he denounced the Nicaraguan Government's aggressiveness in its relations with its neighbors and political opponents.

It was not by coincidence that the diplomatic note was delivered to the Argentine foreign minister while he was preparing to attend next week's meeting of the nonaligned coordinating committee in Managua, which will begin on Monday, 10 January.

It has been reported that Aguirre Lanari's reply to the U.S. ambassador on receiving the note was simple and terse: Argentina does not need advisers.

The White House memorandum reviews the situation in Central America, indicating that the United States does not seek to overthrow the Nicaraguan regime and denouncing the Sandinist junta's "aggressiveness" toward its political opponents. It also stresses the Nicaraguan Government's unfriendly policy toward its neighboring countries.

It would not even be worth the effort to comment on this note, which is full of lies, falsehoods and half-truths that are even worse than gross lies, if it simply repeated old and stupid charges; however, it also contains both new and old historic omissions. The world knows perfectly well who the obstinate aggressor against the peoples of Latin America and of all of the third world countries really is. The world knows who raised the banners of the big stick and of imperialism since proclaiming the Monroe Doctrine.

Mr Shultz, Mr Reagan, since when do the doves attack the shotguns? In no way whatever does Sandinist Nicaragua attack its neighboring sisters. Rather, it is those sisters that, financed, armed and supplied by Yankee imperialism, attack Sandino's Nicargua, regrettably, as the U.S. weekly NEWSWEEK clearly reported recently.

Were their policy coherent, the U.S. leaders would have begun their note by offering the Argentine people an explanation of Mr Reagan's ill-fated intervention in the Malvinas issue and would have left for a better occasion any attempt to advise a government that knows more about Latin America than over two dozen shoddy Shultz' and Reagans could.

COMMANDER CARRION ON U.S. 'NEGATIVE EFFECTS'

PA062035 Managua PATRIA LIBRE in Spanish Nov-Dec 82 pp 34-40

[Report by Freddy Balzan on an interview with Commander of the Revolution Luis Carrion, deputy interior minister -- no date or place of interview given]

[Excerpts] "Latin America and the Caribbean have received only humiliations, aggression, offenses and negative economic effects from the present U.S. Administration; therefore, President Ronald Reagan's trip to several countries in our region is not looked favorably upon by the peoples in the area," Commander of the Revolution Luis Carrion, deputy interior minister, said categorically during an exclusive interview he granted to PATRIA LIBRE.

According to the FSLN directorate member, it can be properly asserted that the current administration "has been one of the most anti-Latin American among recent U.S. administrations." This is demonstrated by its responsibility for the crisis in the inter-American system after the "betrayal at the Malvinas," by the reductions in and restrictions on raw materials and export products "like sugar," by the high interest rates that are smothering our countries and by "the luring of capital toward the United States."

Commander Carrion denied all charges of "totalitarianism, militarism and lack of democratic freedom" being hurled at Nicaragua from abroad and attributed them to ideologues who serve the United States. He said that their objective is to sow confusion and to discredit the people's Sandinist revolution.

He added that the simple fact that the U.S.-Honduran joint military maneuvers have been postponed in no way means that the danger has been overcome. "This is inaccurate, because we are not talking about a danger; we are talking about a reality that is in the process of developing, that is to say, about aggression against Nicaragua."

People Ready to Fight

There is not the slightest doubt that the Nicaraguan people are prepared to struggle and die in defending their revolutionary process. This determination can be gauged by the constant increase both in the ranks of the reserve battalions and militias and in the fields of production and revolutionary vigilance, which are under the control of the Sandinist Defense Committees.

They have never lowered their guard in facing the threats of aggression, which have been made even by President Ronald Reagan himself, as when he announced the appropriation of $19 million "so that the CIA can destabilize Nicaragua." This has never been denied by any White House official.

The Postponed Maneuvers

[Question] To what factors do you attribute the postponement of the joint U.S. and Honduran army maneuvers?

[Answer] "It has now been perfectly proven that the postponement of the joint military maneuvers by the U.S. and Honduran Armies called 'Hawk View' is basically due to the charge that Nicaragua raised before the world, through which we showed the complicity of these two governments in the constant attacks on and crimes against our country."

"Therefore, as Commander Daniel Ortega said, Reagan's visit to Honduras constitutes a provocation, because by his presence he endorsed the attacks that are being inflicted on us by some 5,000 Somozist former guardsmen stationed in various camps in that nation."

Reagan: Persona Non Grata

[Question] By the way, Commander Carrion, what is your opinion of Reagan's upcoming visit to several Latin American countries?

[Answer] "Latin America and the Caribbean have received only humiliations, aggression, offenses and negative economic effects from the present U.S. Government; therefore President Reagan's trip to several countries in our region is not looked favorably upon by the peoples in the area."

Reagan's Objectives

"The United States' betrayal in the Malvinas has provoked a deep crisis in the inter-American system, as have the reductions and restrictions on the raw materials and export products of every one of our countries, as in the case of our sugar and coffee; the manipulation of prices for oil, copper, tin, cotton, etc; the high interest rates of the international financial organizations in which the United States has a decisive vote; the increasing strangulation of our economies, and the tricks used to attract our capital to their territory..."

"In short, we can affirm that the Reagan administration has been one of the most anti-Latin American ones of recent times. It is evident that this trip is part of an effort to improve its image and to appear as if it is interested in solving the problems it has created itself, while weakening the Latin American and anti-imperialist sentiment that has developed with great force during the last few years..."

"Another objective pursued by this trip is an attempt to attract or pressure certain countries toward positions that are contrary to our own countries and peoples."

"This is a somewhat cynical trip and not favorable to the Latin American peoples, from any viewpoint..."

It Is Not Appropriate To Talk of Danger

[Question] Some persons consider the suspension and postponement of the maneuvers scheduled for the first week of December to mean that the danger of aggression or invasion has disappeared. What is your opinion?

[Answer] "It is not appropriate to talk about a danger, because we are not talking of a danger: We are talking about a reality that already exists; that is, an aggression is not about to happen -- it already exists."

"Every day, elements infiltrate from Honduras into our territory to commit crimes, and we are provoked along the border."

"We have seized explosive devices technically designed to blow up economic targets, bridges and powerlines; that is, what we are presently facing is an escalation of the aggressions and provocations. This shows us that the postponement of these military maneuvers to a still unspecified date only changes part of the aggressions picture, but does not mean that the aggression has ceased.

"On the other hand, U.S. participation in this escalation of aggressions is carried out through the CIA. So far, no U.S. Government official has said that the United States will restrain this espionage organization, or forbid it to continue violating Nicaraguan sovereignty or to continue encouraging crimes and destruction in the interior of our country."

Standard Fruit's Aggression

[Question] Could Standard Fruit's withdrawal from Nicaragua be part of this escalation of aggression?

[Answer] "Of all the countries where Standard Fruit has interests, it selected Nicaragua to unilaterally and illegally liquidate the established agreements and contracts. This is necessarily part of these aggressions, despite the fact that they allege that the recession in the United States has reduced the demand in the market that they supply and claim that prices have dropped."

"Like every other monopoly, this transnational company decided to reduce the supply of its bananas in an attempt to raise prices, without caring in the least for the damages that this measure will cause in our country or to other nations, despite the fact that they have accumulated enormous sums of money from the exploitation imposed on us over the years..."

ARTICLE SCORES NUTTING, U.S. SOUTHERN COMMAND

PA061950 Managua SOBERANIA in English Dec 82-Jan 83, pp 44, 45

[Article entitled "A Bone Stuck in Their Throats" -- published simultaneously in Spanish and English]

[Text] General Wallace Nutting, current military head of all U.S. forces in our sister country of Panama, is more than a convicted and confessed enemy of the Panamanian workers, particularly those who have worked for years in the Canal Zone. He symbolizes the conquistadores and pirates who arrived on our shores 4 centuries ago, bloodily imposing colonial domination, ravaging the indigenous population and looting their treasures, in order to carry them off to the royal courts.

Nutting represents the typical capitan general of those courts. The only difference is that these days the conquistador no longer travels by galleon from Lima or Great Colombia to Spain. Instead, in the name of the kings of Washington he flies from the Canal Zone to El Salvador or Tegucigalpa, four or five times a week, in order to direct the imperial war according to the interventionist dictates of the Reagan administration, imposing his arbitrary abuses on the "natives" of the region.

An outstanding example of Nutting's absolute scorn for all peoples of the Third World was provided by the December 10th issue of the Panama daily CRITICA, when it published the "discrepancies" which exist between the salaries of native and foreign workers in the civilian and military authorities which operate the Panama Canal. These differences can only be resolved by a ruling of king Reagan.

It seems that a discriminatory scale exists by which Panamanian workers receive a lower salary than that of North Americans who work in the zone, in spite of the fact that their responsibilities are identical. While Dennis McAuliffe, administrator of the civil commission of the canal, is in favor of eliminating this scale, Nutting, who commands the zone's 15,000 soldiers and military bases and is "emperor" of the region, insists that this illegal conduct be maintained.

The discrimination and the flagrant violations of the canal treaties signed by Torrijos and Carter in 1977, were personally discussed with the U.S. chief executive by Panamanian President Ricardo de la Espriella in his November visit to Washington.

This visit came at a time when a business principle of this administration -- "The United States does not have friends, only interests" -- was being strengthened.

The Panamanian people (and all the Third World countries supporting this historic struggle of the nation which, according to the liberator Simon Bolivar, should be the capital of the universe), were aware a long time before the signing of these treaties of the numerous stumbling blocks the different U.S. governments would place in the way of their fulfillment.

These obstacles began to appear as expected, soon after the treaties were signed, when the U.S. unilaterally imposed the so-called "Murphy Law". The Murphy Law is nothing more than a bone stuck in the throat of the Panamanian people which permits the United States to maintain absurd privileges and absolute control over the financial policies and investments of the canal.

The costs of operating this inter-oceanic passage are purposely exaggerated in order to continue subsidizing the innumerable privileges of the North American employees. Expense items are invented, such as "non-recovered investments". These were listed as $70 million for 1981, even though it is no secret that these supposed investments were recovered more than 40 years ago.

Nonetheless, it is in the realm of canal security where the United States commits the most flagrant treaty violations, despite the fact when it signed the accords it committed itself to guaranteeing the neutrality of the zone.

The mere fact that General Nutting personally directs the military operations of the Honduran Army against the Salvadoran Provinces of San Miguel, La Union and Morazan is in itself a serious infraction of these treaties. This was agreed to at a 3 November meeting in the Canal Zone, where the chiefs of the General Staffs of the Armies of El Salvador and Honduras were also present.

At this meeting, the decision was made to hand over control of the military operations against the guerrillas of the FMLN-FDR [Revolutionary Democratic Front] to U.S. advisors, given the setbacks on the part of the Salvadoran Army. This task was entrusted to Colonel Macallon, who has at his disposal a squadron of A-37 airplanes, eight Hercules C-130 transports, six B-5 bombers and a number of F-100 fighterbombers sent on Washington's orders.

On an earlier occasion, the United States broke this neutrality by utilizing the Howard Air Force Base to send weapons to the British during the Malvinas war and continues to violate it by planning aggressions against Nicaragua, Cuba, Grenada and Suriname from Nutting's offices.

This "neutrality" is also mocked by the increase in the budgets of three training schools, from which to date nearly 60,000 "experts" in counterinsurgency and repression from almost every country of Latin America have graduated.

Moreover, the presence in the Canal Zone of 14 military bases and 20,000 U.S. soldiers in a so-called "Southern Command" is immoral. This is one of the four "military coordination" centers the United States has throughout the world, through which it tries to impose its imperial hegemony on all the nations of the world.

85 DELEGATIONS TO ATTEND NONALIGNED MEETING

PA061813 Managua Radio Sandino Network in Spanish 1200 GMT 6 Jan 83

[Text] As of yesterday, 85 delegations had confirmed that they will atend the fifth special ministerial meeting of the Nonaligned Movement Coordinating Bureau, to take place next week in Managua. These delegations include representatives of 76 countries, of which 67 are members, 4 are observers, 4 are guests of the Nonaligned Movement and 1 is Nicaragua's guest.

The event slated for our capital will be attended by representatives of all of the countries that comprise the Coordinating Bureau, which has its seat in New York. The Coordinating Bureau currently incldues 34 countries of the 36 members it should have, with two vacant seats.

The Nicaraguan Foreign Ministry announced yesterday that at the seventh nonaligned summit, scheduled to take place in New Delhi, India, in March 1983, Nicaragua will propose itself as a candidate for one of the two vacant Coordinating Bureau seats. According to official sources, over 90 delegations may attend the Managua meeting, which opens on Monday.

BRIEFS

DEPARTURE OF BATTALION 40-18 -- Battalion 40-18 of Corinto has just left for somewhere in Nicaragua to fight the counterrevolutionary Bands that operate from Honduran territory. [Managua Radio Sandino in Spanish 1830 GMT 4 Jan 83 PA]

COFFEE EXPORT FIGURES -- Jose Angel Buitrago, director of the Nicaraguan Coffee Institute, Incafe, has said that Nicaragua will export 1,161,000 quintals of coffee out of the current harvest. The Incafe official pointed out that more than 900,000 quintals will be exported to the member countries of the International Coffee Organization. This represents the quota assigned to Nicaragua by this world organization. The rest will be sold on the free market, including socialist and Arab countries. [Managua Radio Sandino Network in Spanish 1200 GMT 6 Jan 83 PA]

FIDEL CASTRO WELCOMES FORMER COLOMBIAN PRESIDENT

FL070150 Havana Domestic Television Service in Spanish 0100 GMT 7 Jan 83

[Text] Commander in Chief Fidel Castro, president of the Councils of State and Ministers, early this evening welcomed former Colombian President Alfonso Lopez Michelsen. Also on hand to welcome the visitor was Gabriel Garcia Marquez, writer and winner of the Nobel Prize for Literature, who will be decorated by our country's Council of State with the Felix Varela Order. Lopez Michelsen was invited to Havana to participate in the aforementioned ceremony. The former Colombian president was accompanied by other visitors.

CASTRO ON RESUMPTION OF RELATIONS WITH COLOMBIA

PA071310 Bogota Emisoras CARACOL Network in Spanish 1208 GMT 7 Jan 83

[Report by "Special CARACOL Correspondent in Havana"]

[Text] Havana -- Fidel Castro said here that there is no reason to rush into a renewal of diplomatic relations between Colombia and Cuba, adding that the resumption of these relations must result from an analysis of all pertinent factors, so that the relationship can be lasting. President Castro also said that these relations were broken not because Cuba organized a guerrilla expedition against Colombia, as has been alleged, but because Colombia, as Mr Castro claimed, allowed itself to be manipulated into voting against Cuba at the United Nations, thus denying Cuba a seat on the UN Security Council. President Castro discussed this issue in some detail.

Later, while discussing peace, he said that the search for peace does not depend upon the Latin American countries, but on the United States most of all. He added that at this point the United States should make a commitment to peace; it should take the first steps in terms of the need for (?a new relationship) with the Central American countries. He then predicted that even if peace is not achieved, the United States will be defeated in the struggle that is currently being waged in the Central American countries, for the revolutionary forces will win there.

Castro also said that Colombia's initiative to join the Nonaligned Movement is welcome and that the Colombian people and government will certainly make a very valuable contribution to the process of rapprochement and unity among the developing countries.

President Castro said repeatedly that during the Lopez Michelsen administration, the relations between Colombia and Cuba were handled faultlessly, while adding that some of the procedures used under the previous [Turbay Ayala] administration had not been so faultless.

Castro then said that he cannot yet predict when diplomatic relations between Colombia and Cuba will be resumed, but that these relations will be sought in due time.

President Castro also commented favorably on the messages that President Belisario Betancur recently sent to Daniel Ortega, leader of the Sandinist revolution, and to the winners of the Nobel Peace and Literature Prizes in connection with Colombia's willingness to help mediate the achievement of lasting peace for the convulsed Central American region.

VICE PRESIDENT JUAN ALMEIDA ARRIVES IN MALI

FL062201 Havana Domestic Service in Spanish 2102 GMT 6 Jan 83

[Text] Juan Almeida Bosque, member of the party Politburo and vice president of the Council of State, today arrived in Bamako on an official visit to Mali as part of a tour through several countries of the African continent. The commander of the revolution and his delegation were received at the Bamako airport by Amadou Bab Diarra, deputy secretary general of the Democratic Union of the Malian People and minister of state for equipment, along with other officials.

According to Almeida's itinerary, he will hold talks with Mali's top leaders regarding the development of bilateral relations and will conduct a tour of that African country. Almeida traveled to Mali from the Congo, a nation he visited for several days and attended the festivities marking the anniversary of the founding of the Congolese Labor Party.

NATIONAL ASSEMBLY DELEGATION ARRIVES IN ALGIERS

FL061826 Havana Domestice Service in Spanish 1500 GMT 6 Jan 83

[Text] Algiers -- A delegation from Cuba's National Assembly, led by its president, Flavio Bravo, has arrived in this capital on a friendly visit. At the Houari Boumedienne Airport, the delegation was welcomed by Rabah Bitat, member of the National Liberation Front Politburo and president of the Algerian National Assembly.

On arrival, the president of the Cuban legislative body told newsmen that his visit is directed at strengthening relations between the two countries' parliaments by way of the exchange of experiences and personal contact.

UN AMBASSADORS VISIT MINISTRY OF PUBLIC HEALTH

FL062032 Havana Domestic Service in Spanish 1916 GMT 6 Jan 83

[Excerpts] The five UN diplomatic representatives who have been visiting our country at the invitation of the Ministry of Foreign Relations have learned about the characteristics of the national health system and the priority which the Cuban Government places on medical care. The representatives paid a visit to the main offices of the Ministry of Public Health where the visitors learned of the situation in that field before the triumph of the revolution.

The group is made up by UN ambassadors from Sri Lanka, Kuwait, Nepal, Indonesia and Cyprus.

GUATEMALAN REGIME'S "INSTABILITY" HIGHLIGHTED

PA062131 Havana International Service in Spanish 2310 GMT 5 Jan 83

["Our America" commentary]

[Text] Instability has been one of the characteristics of Guatemalan military regimes in recent years, and that of Gen Efrain Rios Montt is no exception. In the 9 months since the 23 March 1982 coup, the regime's official spokesmen have revealed a long list of what they claim are treacherous and conspiratorial attempts to overthrow the current dictator. However, such accusations only serve to demonstrate divisions that exist among the various factions of the Guatemalan Army that have resulted in a series of sordid maneuvers, vengeful acts and attempts to settle accounts among the various military groups that hope to seize power in that Central American country.

The fact that there are assassins and perpetrators of genocide involved in these internal squabbles is enough to give us a clear notion of what they are all about. Further, it permits us to understand the degree of contradictions that exists among those in power in Guatemala and the strategic weaknesses within the government's repressive apparatus.

The division in the army is the first of these weaknesses. This division is clearly evident. It is similarly clear that this division results, in the first place, from the level reached by the Guatemalan people's revolutionary war, which in practice is reflected by the increasingly successful armed actions that the guerrillas are staging throughout the country. Something else becomes very clear in connection with this division among the ranks of the Guatemalan Army's high-ranking officers: None of these internal maneuvers involves new options or political projects aimed at reducing the serious socioeconomic situation of the Guatemalan people. On the contrary, all of them stem from personal ambitions that preclude any changes in the armed forces, where the crisis is intensifying. New faces, formal alliances, political fanfare -- these can only represent fleeting alternatives without any real bearing on the general course of events.

In short, the situation confirms that the divisions and discrepancies that exist within the army and among the politicians merely reflect their ambition for power and disputes associated with plundering. However, these conflicts yield essential political information enabling one to appreciate the fact that the regime's instability is its major trait, and that this instability somehow reflects a broader phenomenon of division within the ruling class. This division is occuring at a time of crisis, when the repressive system as a whole is seriously endangered.

For those currently misruling Guatemala, the crisis is a source of despair that exacerbates their uncontrollable individualism, their excessive zeal for exploitation and plunder and their obsession with guaranteeing their personal futures. This instability is essential in revealing the opportunistic, bloody and totally irresponsible nature of the Guatemalan reactionaries. It is within this framework that a liberation struggle is currently being waged in Guatemala. This anti-imperialist and anti-oligarchic struggle will be further intensified until the independence, peace and social progress for which the people of our America have been fighting with exemplary heroism have been achieved.

CENTRAL AMERICAN REVOLUTIONARY MOVEMENTS VIEWED

PA070211 Havana International Service in Spanish 2310 GMT 6 Jan 83

["Our America" commentary]

[Text] The U.S. Government and the dictatorial regimes of Central America are undertaking all kinds of political and military maneuvers to try to frustrate the development of liberation movements in the region. The main instruments that imperialism and the local oligarchies use are the so-called national armies which, directed by military cliques, rule by blood and fire and centralize political and military power in their own hands.

In the face of those genocidal, anti-nationalistic and undemocratic dictatorships, there is the development of the struggle of the masses led by revolutionary organizations that are the defenders of the legitimate rights of the Central American peoples and which embody the best and highest ideals of independence of the great leaders of our America.

The current revolutionary development in Central America has its greatest expression in the successes of the Sandinist revolution and the Nicaraguan people's unyielding determination to overcome imperialism's aggresive and hounding policy. Sandino's fatherland

Thus confirms its principle of a free fatherland or death, and at the same time leaves the door open to dialogue with its aggressors on an equal footing so as to keep greater suffering and sacrifices from the peoples of the region.

The unquestionable advance of the revolutionary struggle being waged in El Salvador is no less significant. The military victories of the guerrilla forces and the great diplomatic offensive of the FMLN and the Revolutionary Democratic Front to find a negotiated solution to end the war stand out in that struggle. Yankee imperialism and the Salvadoran genocidal regime have rejected the constructive dialogue, determined to bring bloodshed to those heroic Central American peoples.

At the same time, and as an important element in the context of the revolutionary struggle in Central America, the political and economic crisis in Guatemala worsens as a result of the undeniable growth and consolidation of the Guatemalan National Revolutionary Unity. Incapable of controlling the revolutionary activity and the increasing participation of the masses in the armed struggle, the regime is replying with an escalation of repression that now reaches the level of massacres, especially against Indian peasants in the country's western region and central highlands.

That is the situation that prevails in Central America. It is exacerbated by U.S. imperialism, which raises the specter of direct armed intervention and the regionalization of the conflict. For this purpose, Washington has been working for some time on the creation of conditions that will promote its military intervention. For this objective it mainly uses charges of alleged Cuban-Soviet interference in Nicaragua and the threat of communist expansion in the region.

Aware of U.S. imperialism's criminal objectives, the progressive forces and governments of Latin America and the world are intensifying their campaigns of solidarity with the Central American peoples and denouncing U.S. interventionist plans in the region. But if imperialism's interventionist plans are implemented, the Central American peoples will become a single force ready to confront all obstacles and difficulties in order to achieve victory. As the Central American revolutionary organizations have stated, the peoples of the region know perfectly well what a confrontation of that nature signifies, but are willing to fight to win or to die until the last imperialist invader is buried or thrown from their land.

GRENADA

AGRICULTURE MINISTRY GETS TRACTORS FROM CUBA

FL062005 Havana Domestic Service in Spanish 1914 GMT 6 Jan 83

[Text] Grenada's Agriculture Ministry has received 23 tractors, accessories and spare parts from the people and Government of Cuba. Fifteen of the tractors have rubber tires and the other eight are the caterpilla-type. Along with the agricultural equipment, Cuba sent 39 boxes of accessories and other containers with instruments and spare parts.

The shipment is part of a total of 40 tractors which Cuba will deliver to the Grenadian people as part of the agricultural cooperation being made by its Agriculture Ministry to diversify that field and will mean that Grenada farmers will have access to other types of equipment, in addition to creating a large number of jobs for the unemployed in rural areas.

HAITI

BOMBS DEFUSED AT FINANCE MINISTRY, POST OFFICE

FL062100 Bridgetown CANA in English 2032 GMT 6 Jan 83

[Excerpt] Port-au-Prince, Jan 6, CANA-REUTER -- Haitian police defused a booby-trapped suitcase in the Finance Ministry and a parcel bomb in the main post office yesterday, sources close to the government said today. The new bombs followed a car bomb explosion in the early hours of January 1 which killed three people and which the government said was the work of a previously unknown organisation, the Miami-based Hector Riode group.

The sources said today a light plane had landed twice in a field about 20 km (12 miles) from the capital soon after the car bomb went off, apparently to pick up the bombers. The government has said the car bomb was planted by a U.S. citizen named as Alan C. Mills, who was one of those killed in the blast.

ST VINCENT & THE GRENADINES

OFFICIAL CLAIMS FOUR PERCENT ECONOMY GROWTH

FL060250 Bridgetown CANA in English 2319 GMT 5 Jan 83

[Text] Kingstown, St Vincent, Jan 5, CANA -- St Vincent and the Grenadines recorded four percent real growth in its economy during 1982, Minister of Trade and Agriculture Vincent Beache has announced here. Interviewed on the Government Information Service (GIS) radio programme last night, Mr Beache said the country was able to weather the effects of world-wide economic recession better than most of its Caribbean neighbours.

Mr Beache declared "all in all, 1982 did come out quite well. We have been able again to overcome, to a certain extent, the recession that is hitting the world, because again, we have been able to buffer it by utilising more of what we produce locally and this is part of the secret..." A World Bank team recently completed an economic survey of St Vincent and the Grenadines, but details of their findings have not yet been published here. Mr Beache said that despite reports here that last Christmas season was not "bright" for the business sector he had knowledge that the trade that went on was considerably greater than in 1981.

CHILE

COURT REJECTS GOVERNMENT CLOSURE OF MAGAZINE

PY061528 Paris AFP in Spanish 0328 GMT 6 Jan 83

[Text] Santiago, 5 Jan (AFP) -- The Chilean Supreme Court handed down a decision today that states that President Augusto Pinochet's government exceeded its powers when it ordered the closure of the dissident and leftist leaning magazine APSI in September 1982. The law that is in force provides for the restriction, not the banning, of the founding and circulation of publications as of 11 March 1981, and therefore, the magazine cannot be included, the court decision states.

In the court's opinion APSI was founded before the implementation of the March 1981 measure, because it was officially authorized to operate and it began to circulate in 1976.

On banning it, the government not only restricted the editors' right to inform, which is guaranteed by the Constitution, but it also suppressed it by stopping its circulation, the decision states.

The court also rejected the government's argument that the closure was due to certain editorial changes that gave it the semblance of a new magazine. The court indicated that it is not each separate article, commentary, or information that is considered and subject to official restriction contained in the Constitution, but magazines, newspapers or books as a whole.

PARAGUAY

POLITICAL PRISONERS' HUNGER STRIKE CONTINUES

PY061455 Asuncion ABC COLOR in Spanish 6 Jan 83 p 21

[Text] Regarding the hunger strike begun by several persons in the national penitentiary, the Committee of Churches confirmed yesterday that it is true. According to this institution, 18 persons have been on a hunger strike since 24 December.

All the prisoners are being tried for allegedly violating Law No 209 for the defense of public peace and freedom of the individual. They have been charged with participating in the activities of a self-styled Paraguayan Communist Party (PCP). As is known, this law proscribes communism in our country and provides for the punishment of any type of activity involving communism.

There are currently 29 persons in prison. At the beginning there were 36, but two were released during the last months of 1982 and five were released on Monday and Tuesday of this week. Of the 29, 18 are on a hunger strike. There are also two women being tried in the same case and they are in the House of the Good Pastor [prison for women]. The trial of those who are on the hunger strike is still underway and it is possible that some of them have still not given their depositions to the judge.

One of the hunger strikers began his strike on 20 December and today is his 17th day without food. Judge Elpidio Orlando Luraghi has reportedly asked Lorenzo Cazal Godoy, the director of Tacumbu Penitentiary, for a list of those who are not participating in the hunger strike.

Up to the present time it has been impossible to determine the hunger strikers' purpose or what their demands are, although it is obvious that one of the reasons is to win their release.